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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ALASKA

CATHOLIC BISHOP OF NORTHERN )	Case No. 08-00110-DMD
ALASKA, an Alaska religious corporation )	
sole, )	(Chapter 11)
)	
Debtor. )	
)	
)	
)	
)	

**THIRD AMENDED AND RESTATED DISCLOSURE STATEMENT IN SUPPORT OF  
DEBTOR'S AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS'  
THIRD AMENDED AND RESTATED JOINT PLAN OF REORGANIZATION FOR  
CATHOLIC BISHOP OF NORTHERN ALASKA DATED DECEMBER 16, 2009**

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**I.  
INTRODUCTION**

Catholic Bishop of Northern Alaska, an Alaska religious corporation sole, the debtor and debtor-in-possession ("CBNA" or the "Debtor") in the above-captioned Chapter 11 reorganization case (the "Reorganization Case"), has prepared this Third Amended and Restated Disclosure Statement ("Disclosure Statement") in connection with soliciting acceptances of the "Third Amended and Restated Joint Plan of Reorganization for the Catholic Bishop of Northern Alaska" dated December 16, 2009 (the "Third Amended Joint Plan") from CBNA's Creditors. A copy of the Third Amended Joint Plan is attached as Exhibit "1" to this Disclosure Statement. The Official Committee of Unsecured Creditors (the "Committee") is a co-proponent of the Third Amended Joint Plan. The Committee supports confirmation of the Third Amended Joint Plan and will be sending a letter of recommendation to Creditors recommending that Creditors vote to accept the Third Amended Joint Plan (the "Committee Letter"). The Committee Letter will be a part of the solicitation package that will be sent to Creditors. The Third Amended Joint Plan reflects the agreements between CBNA and the Committee for the reorganization of CBNA and compensation and treatment of the Tort Claims<sup>1</sup> of Tort Claimants. The Third Amended Joint Plan reflects the tireless efforts of retired California State Court Judge William L. Bettinelli ("Judge Bettinelli") who acted as the mediator in the Reorganization Case and the efforts and the willingness of CBNA and the Committee to continue to engage in mediation which resulted in the resolution that is embodied in the Third Amended Joint Plan.

It is impossible to overstate the tragedy of the sexual abuse that was inflicted on literally hundreds of Native Alaskan children and teenagers by a small group of individuals, mostly Jesuit priests or, in some cases, volunteers supervised by Jesuits, who purported to be doing the missionary work of the Roman Catholic Church, but instead inflicted untold pain and suffering on these children and teenagers. CBNA, the civil entity incorporated pursuant to Alaska's

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<sup>1</sup> Capitalized terms used in this Disclosure Statement that are not otherwise defined in this Disclosure Statement will have the meaning ascribed to them in the Third Amended Joint Plan.

Religious Corporations statute for purposes of holding and administering property in trust for the benefit of the Roman Catholic religious entities and functions within the Diocese of Fairbanks (the "Fairbanks Diocese"), together with the Committee proposes the Third Amended Joint Plan in order to pay just compensation to survivors of sexual abuse perpetrated by individuals associated with the Fairbanks Diocese, and to restructure its financial affairs to preserve and develop the ministries and missions that are facilitated by CBNA and are so critical to the people of northern and western Alaska.

The Third Amended Joint Plan memorializes a compromise between CBNA and the Committee after nearly one year and nine months in Reorganization, and extensive litigation and mediations. Below, this Disclosure Statement seeks to provide adequate information for Creditors to be able to evaluate the Third Amended Joint Plan and decide whether to vote to accept the Third Amended Joint Plan. In addition to describing the Third Amended Joint Plan itself, in order to assist Creditors in voting on the Third Amended Joint Plan, this Disclosure Statement provides information about CBNA, its Assets, property that it holds for others, its liabilities, its history, the problem of sexual abuse perpetrated by individuals associated with the Fairbanks Diocese, the steps taken by CBNA to address the injuries inflicted by such sexual abuse and steps taken to prevent abuse from occurring now and in the future. This Disclosure Statement also provides information about CBNA's insurance coverage for these Tort Claims, its current operations and business plan for the future and the events that have occurred in the Reorganization Case, including disputes with the Committee regarding whether the Bankruptcy Court should require CBNA to use property held for others to pay CBNA's Creditors. This Disclosure Statement also describes the process by which Creditors will vote to accept or reject the Third Amended Joint Plan, and the circumstances under which the Third Amended Joint Plan may be approved by the Court, even if some creditors do not vote to accept the Third Amended Joint Plan.

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**II.**  
**INFORMATION ABOUT THIS DISCLOSURE STATEMENT AND PLAN**  
**CONFIRMATION PROCESS**

**A. Definitions And Plan Supremacy**

All terms defined in the Third Amended Joint Plan will have the same meanings when used in this Disclosure Statement, unless it is expressly stated that a term will have a different meaning when used in this Disclosure Statement. In addition, unless otherwise stated, terms used in this Disclosure Statement will have the same meanings as in the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or the Local Rules of the Bankruptcy Court. Terms defined in this Disclosure Statement which are also defined in the Third Amended Joint Plan or the other sources described above, are solely for convenience when reading this Disclosure Statement; the Debtor does not intend to change the definitions of those terms from the Third Amended Joint Plan or from the otherwise applicable sources. Furthermore, in the event of any inconsistency between the Third Amended Joint Plan and this Disclosure Statement, the Third Amended Joint Plan will control. The exhibits attached to this Disclosure Statement are incorporated into and are a part of this Disclosure Statement.

**B. Limited Representations**

This Disclosure Statement is submitted in accordance with Bankruptcy Code § 1125 for the purpose of soliciting acceptances of the Third Amended Joint Plan from holders of certain Claims. This Disclosure Statement has been approved by the Bankruptcy Court as containing information of a kind, and in sufficient detail, which is adequate to enable you to make an informed judgment whether to vote to accept or to reject the Third Amended Joint Plan.

In determining whether the Third Amended Joint Plan should be confirmed, the Bankruptcy Court will consider whether the Third Amended Joint Plan satisfies the requirements of the Bankruptcy Code, including whether it is feasible, and whether it is in the best interests of the holders of Claims. The Bankruptcy Court also will receive and consider a ballot report prepared by the Debtor, concerning the votes for acceptance or rejection of the Third Amended Joint Plan by parties entitled to vote. Only holders of Allowed Claims that are impaired under

the Third Amended Joint Plan will be allowed to vote to accept or reject the Third Amended Joint Plan.

THIS DISCLOSURE STATEMENT IS NOT THE THIRD AMENDED JOINT PLAN. THIS DISCLOSURE STATEMENT, TOGETHER WITH THE THIRD AMENDED JOINT PLAN, WHICH IS ATTACHED HERETO AS EXHIBIT "1", SHOULD BE READ COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE THIRD AMENDED JOINT PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES AND OTHER STATEMENTS REGARDING THE THIRD AMENDED JOINT PLAN ARE QUALIFIED IN THEIR ENTIRETY BY THE THIRD AMENDED JOINT PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

The Bankruptcy Court will hold a hearing on confirmation of the Third Amended Joint Plan on January 25 and 26, 2010, commencing at 9:00 a.m. Alaska Standard Time (the "Confirmation Hearing") and continuing thereafter until conclusion of the Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time without further written notice.

Information contained in this Disclosure Statement was obtained from knowledgeable personnel at CBNA or from the books and records of CBNA. Financial information developed for purposes of this Disclosure Statement was developed by personnel at CBNA working with the Debtor's Professionals. Certain materials contained in this Disclosure Statement are taken directly from other, readily accessible documents or are digests of other documents. While every effort has been made to retain the meaning of such documents, you are urged to rely upon the contents of such documents and only after a thorough review of the documents themselves.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ITS OPERATIONS, THE VALUE OF ITS ASSETS, OR THE FUTURE OPERATIONS OF THE REORGANIZED DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS DISCLOSURE STATEMENT DESCRIBING CBNA HAVE NOT BEEN SUBJECT TO A CERTIFIED

AUDIT, BUT HAVE BEEN PREPARED FROM INFORMATION COMPILED BY CBNA FROM RECORDS MAINTAINED IN THE ORDINARY COURSE OF ITS BUSINESS. EVERY EFFORT HAS BEEN MADE TO BE AS ACCURATE AS POSSIBLE IN THE PREPARATION OF THIS DISCLOSURE STATEMENT.

THIS IS A SOLICITATION BY THE DEBTOR AND IT IS NOT A SOLICITATION BY THE DEBTOR'S ATTORNEYS OR ANY OTHER PROFESSIONALS EMPLOYED BY THE DEBTOR. THE REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF THE DEBTOR'S ATTORNEYS OR ANY OTHER PROFESSIONAL. THE COMMITTEE WILL ALSO BE SOLICITING ACCEPTANCES OF THE PLAN; HOWEVER NONE OF THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT ARE REPRESENTATIONS OF THE COMMITTEE OR THE COMMITTEE'S PROFESSIONALS. ALL REPRESENTATIONS AND STATEMENTS MADE BY THE COMMITTEE WILL BE CONTAINED IN THE LETTER OF THE COMMITTEE ACCOMPANYING THIS DISCLOSURE STATEMENT.

REASONABLE EFFORTS HAVE BEEN MADE TO ACCURATELY PREPARE ALL UNAUDITED FINANCIAL STATEMENTS WHICH MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE INFORMATION AVAILABLE TO THE DEBTOR. HOWEVER, AS TO ALL SUCH FINANCIAL STATEMENTS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED THEREIN IS WITHOUT ERROR.

APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE CERTIFICATION BY THE COURT THAT THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACY.

**C. Voting Procedures**

In accordance with Bankruptcy Code § 1122(a), the Third Amended Joint Plan classifies Claims into different Classes based on similarities and differences between the legal rights associated with the Claims and provides for how each Class of Claims will be treated.

Specifically, the Third Amended Joint Plan classifies Claims against the Debtor into the following Classes:

Class 1 – Priority Employee Unsecured Claims

Class 2 – Prepetition Date Secured Tax Claims

Class 3 – Other Secured Claims

Class 4 – Great Falls Secured Claim

Class 5 – Annuity Secured Claims

Class 6 – General Unsecured Convenience Claims

Class 7 – Jesuit Unsecured Claims

Class 8 – General Unsecured Claims

Class 9 – Other Tort and Employee Claims

Class 10 – Tort Claims and Future Tort Claims

Class 11 – Insurance and Benefit Claims

Class 12 – Continental Claims

Class 13 – Pilgrim Springs Claims

Class 14 – Penalty Claims

The Third Amended Joint Plan's treatment of a Class will either "impair" the Claims in that Class or leave them "unimpaired." Claims are impaired if the Third Amended Joint Plan in any way alters the legal, equitable, or contractual rights associated with the Claims or if the Third Amended Joint Plan provides for paying less than the full amount of the Allowed Claims. Holders of Claims in Classes which are impaired under the Third Amended Joint Plan may vote to either accept or reject the Third Amended Joint Plan. If you are the holder of such Claim, it is important that you vote.<sup>2</sup>

<sup>2</sup> Holders of Claims which are unimpaired, that is their rights are not altered and they will be paid or satisfied in full, are deemed to have accepted the Third Amended Joint Plan and are not required to vote. See Bankruptcy Code § 1126(f). Similarly, holders of Claims who will receive nothing under the Third Amended Joint Plan are deemed to reject the Third Amended Joint Plan and also need not vote. See Bankruptcy Code § 1126(g).

In order to confirm the Third Amended Joint Plan, at least one Class of Claims impaired by the Third Amended Joint Plan must vote to accept the Third Amended Joint Plan. In order for a Class of Claims to vote to accept the Third Amended Joint Plan, votes representing at least two-thirds (2/3) in amount of the Claims in that Class that vote and more than one-half (1/2) in number of the Claims in that Class that vote must be cast in favor of accepting the Third Amended Joint Plan. As more fully described below, the Debtor is seeking acceptances from holders of Allowed Claims in the following Classes (reserving the right to supplement as to any other impaired Class(es) of Claims, if any):

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 2	Prepetition Date Secured Tax Claims	Impaired – Entitled To Vote
Class 3	Other Secured Claims	Impaired – Entitled To Vote
Class 4	Great Falls Secured Claim	Impaired – Entitled To Vote
Class 6	General Unsecured Convenience Claims	Impaired – Entitled To Vote
Class 7	Jesuit Unsecured Claims	Impaired – Entitled To Vote
Class 8	General Unsecured Claims	Impaired – Entitled To Vote
Class 9	Other Tort and Employee Claims	Impaired – Entitled To Vote
Class 10	Tort Claims and Future Tort Claims	Impaired – Entitled To Vote
Class 12	Continental Claims	Impaired – Entitled to Vote

The following Classes of Claims are not impaired under the Third Amended Joint Plan, or are otherwise prohibited by the Bankruptcy Code from voting on the Third Amended Joint Plan, for the reason indicated:



<u>Class</u>	<u>Description</u>	<u>Status</u>
Unclassified	Administrative Claims	Unimpaired – Deemed to Accept
Unclassified	Priority Unsecured Claims	Unimpaired – Deemed to Accept
Unclassified	Priority Tax Claims	Unimpaired – Deemed to Accept
Class 1	Priority Employee Unsecured Claims	Unimpaired – Deemed to Accept
Class 5	Annuity Secured Claims	Unimpaired – Deemed to Accept
Class 11	Insurance and Benefit Claims	Unimpaired – Deemed to Accept
Class 13	Pilgrim Springs Claims	Receive \$0.00 - Deemed to Reject
Class 14	Penalty Claims	Receive \$0.00 - Deemed to Reject

The specific treatment of each Class under the Third Amended Joint Plan is set forth in the Third Amended Joint Plan and is summarized in Article VII of this Disclosure Statement. It is possible that one or more Classes of Claims will have no Creditors in that Class. In that event, under the terms of the Third Amended Joint Plan, that Class will be deemed to be automatically deleted from the Third Amended Joint Plan.

Bankruptcy Code § 1129(b) provides that, if the Third Amended Joint Plan is rejected by one or more impaired Classes of Claims, the Third Amended Joint Plan nevertheless may be confirmed by the Bankruptcy Court, if: (i) the Bankruptcy Court determines that the Third Amended Joint Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class(es) of Claims; and (ii) at least one Class of Impaired Claims has voted to accept the Third Amended Joint Plan.

**A VOTE FOR ACCEPTANCE OF THE THIRD AMENDED JOINT PLAN BY THOSE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE IS MOST IMPORTANT. THE DEBTOR RECOMMENDS THAT THE HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE THIRD AMENDED JOINT PLAN. THE DEBTOR FURTHER UNDERSTANDS THAT THE COMMITTEE RECOMMENDS THAT THE HOLDER OF ALLOWED CLAIMS VOTE IN FAVOR OF THE THIRD AMENDED JOINT PLAN.**

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**III.**  
**OVERVIEW OF THE THIRD AMENDED JOINT PLAN**

As discussed above, CBNA filed this Reorganization Case in order to pay just compensation to survivors of sexual abuse perpetrated by individuals associated with the Fairbanks Diocese and to restructure its financial affairs to preserve and develop the ministries and missions that are facilitated by CBNA and are so critical to the people of northern and western Alaska. CBNA and the Committee have proposed the Third Amended Joint Plan to accomplish these goals. Under the Third Amended Joint Plan the Debtor, with additional help from its KNOM division, the Parish Churches, the Monroe Foundation, increased insurance settlements and agreements by professionals to forego certain fees, has been able to commit to a guaranteed payment of \$9.8 million to the Fund for paying Tort Claims. The \$9.8 million amount to be paid to Tort Claimants is net of administrative expenses (representing an increase in funding of over \$1,300,000 compared with the Second Amended Plan proposed by the Debtor on October 26, 2009). The \$9.8 million will be transferred to the Fund by CBNA on or before the Effective Date. The Third Amended Joint Plan also contains certain minor modifications to the treatment of Tort Claims as well as certain refinements to the *Great Divide* settlement arrangement proposed in the Second Amended Plan.

As a result, the Third Amended Joint Plan provides for the sale of CBNA's essential ministry property, including the Catholic Schools of Fairbanks, to the Endowment in exchange for approximately \$7.9 million of Cash on or before the Effective Date. One of the conditions of the Endowment's purchase of CBNA's Real Property is a dismissal of any actions pending against the Endowment, a finding in the Confirmation Order that the Endowment, as a charitable trust, is properly excluded from the Estate and approval by the Bankruptcy Court of the sale of CBNA Real Property to the Endowment. In order to accomplish this sale, the Third Amended Joint Plan also provides for amendments to the Endowment Documents that must be approved by the Confirmation Order.

In addition, CBNA will immediately sell the Pilgrim Springs Property at an auction to be conducted on February 25, 2010. The Endowment will submit the opening bid at the Pilgrim Springs Auction for \$1.85 million (the "Pilgrim Springs Guaranteed Sale Price"). If there are third party bidders at the Pilgrim Springs Auction who submit bids in excess of the Pilgrim Springs Guaranteed Sale Price and close on the sale, all excess proceeds, net of customary closing costs of the sale will be paid to the Fund to then be used in accordance with the Plan.

In addition, the Third Amended Joint Plan effects a settlement and compromise between the CBNA and the Estate on the one hand and the Parish Churches, Monroe Foundation, and the Catholic Trust of Northern Alaska ("CTNA") on the other hand, pursuant to which the Parishes agree to contribute \$650,000 from their unrestricted funds on deposit with the CTNA to the Fund for paying Tort Claimants and the Monroe Foundation agrees to contribute \$150,000, in order to settle any and all claims that CBNA, as the Debtor-in-Possession and the Estate may have to the property of the Parish Churches, the Monroe Foundation or the CTNA, including any and all Avoidance Actions. As a result of this settlement, the Parish Churches, the CTNA and the Monroe Foundation will become Participating Third Parties under the Third Amended Joint Plan and will receive the protections of the Channeling Injunction provided under the Third Amended Joint Plan. In addition to the foregoing, CBNA will also transfer to the Fund, proceeds from an insurance settlement with Alaska National Insurance Company ("Alaska National"), which increased from \$1,100,000 to \$1,400,000. The Alaska National settlement will be the subject of a motion under Bankruptcy Rule 9019 when CBNA and Alaska National complete documentation. CBNA will also assign its claims of indemnity, allocation of fault and contribution against the Sisters of Saint Ann to the Fund, as well as any claims it may have for insurance coverage under the Oregon Province of Jesuit's Safeco Insurance Policies and the Jesuit Allocation of Fault Claims net of any amounts utilized to setoff against the Jesuit Unsecured Claims.

The Third Amended Joint Plan provides for certain modifications to the treatment of Tort Creditors. First, there is the addition of a Convenience Tort Claim treatment, which will allow

Tort Creditors to opt out of the Litigation Protocol and the Litigation Trust (if one is established) and Settlement Trust claim allowance and evaluation procedures and receive \$2,500 within thirty (30) days of the Effective Date of the Plan. Second, there are certain modifications to the Litigation Protocol for allowing and liquidating Tort Claims that opt into Litigation Tort Claim treatment. Third, there are certain refinements to the process governing Settling Tort Claims: (1) Settling Tort Claims are deemed Allowed and Allowed Settling Tort Claims are assigned by the Settling Tort Claimants to the Settlement Trustee; the liquidated amount of the assigned Settling Tort Claims will be determined by either Claim Allowance Agreements which have been approved as reasonable by the Bankruptcy Court under Bankruptcy Rule 9019, or will be liquidated by the Special Arbitrator in a Binding Arbitration Proceeding; (2) Each Settling Tort Claimant will receive a reasonable share of the Settlement Trust based on a matrix of evaluation factors that was developed in connection with the settlement between the Jesuits and one hundred thirteen (113) Tort Claimants in December 2007. The Settlement Trustee will make a preliminary distribution from the Settlement Trust shortly after the matrix evaluation is completed and as expeditiously as possible after the Effective Date. The Third Amended Joint Plan also gives effect to a covenant settlement arrangement under *Great Divide Insurance Co. v. Carpenter*, 79 P.3d 599 (Alaska 2003), and other legal authority, pursuant to which CBNA will assign its Claims against Great Divide Candidate Insurers to the Settlement Trustee, who will pursue Debtor's insurance coverage claims against the Great Divide Candidate Insurers for the Settling Tort Claimants Allowed Claims. In addition, each Settling Tort Claimant will assign any of his or her Claims against a Great Divide Candidate Insurer to the Settlement Trustee. Proceeds from actions against the Great Divide Candidate Insurers will be used to fund additional distributions from the Settlement Trust to Settling Tort Claimants and will also be used to fund the Future Claims Reserve.

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**IV.  
THE DEBTOR**

**A. The Ministries and Activities of CBNA and the Fairbanks Diocese and their Relationship to Roman Catholic Parishes and Parish Churches in Northern and Western Alaska**

CBNA is the civil entity incorporated pursuant to Alaska's Religious Corporations statute since 1952, to hold and administer property in trust for the benefit of all of the religious entities and functions that exist within the Fairbanks Diocese (or its ecclesiastical predecessor, the Vicariate Apostolic of Alaska). The Fairbanks Diocese is the ecclesiastical entity subject to the jurisdiction of the Bishop, presently Most Reverend Donald J. Kettler, JCL ("Bishop Kettler") who serves as the principal teacher, sanctifier, and governor of the Roman Catholic faith and the Catholic faithful within the territory of the Fairbanks Diocese. As reflected in the map of the Fairbanks Diocese that is attached as Exhibit "2" to this Disclosure Statement, the territory of the Fairbanks Diocese is vast. It stretches from Tok, near the Canadian border, all the way across the state to Little Diomed near the border with Russia; from Barrow on the coast of the Arctic Ocean to Chefnak south of Nelson Island, encompassing almost 410,000 square miles (an area slightly more than one and one half times the area of the state of Texas). Within its boundaries, the Fairbanks Diocese is home to 15,500 Catholics, out of a general population of 161,000. The Fairbanks Diocese is also the ecclesiastical entity through which the Bishop carries out his duties in accordance with the Code of Canon Law ("Canon Law"), which is the ecclesiastical law of the Roman Catholic Church.

There are many other Roman Catholic ecclesiastical entities that operate within the Fairbanks Diocese. Under Canon Law, such entities are referred to as "juridic persons." The most prominent of these ecclesiastical entities are Parishes, but other juridic persons include the various religious orders that minister within the Fairbanks Diocese's territory.

Under Canon law, Parishes are defined as established stable communities of the Christian faithful whose pastoral care is entrusted by the diocesan bishop to its proper pastor. Although appointed by the diocesan bishop, a pastor does not receive his power from the diocesan bishop,

but rather from his office as pastor, nor is a pastor of a parish the representative or delegate of the diocesan bishop. Instead, the power of a pastor stems from his office. CIC, c. 131, 519. The pastor, not the Bishop, is the steward of all of the property of the parishes to which he is appointed. CIC, c. 532. Although in many parts of the United States parishes are separately incorporated, in Alaska parish communities function for civil law purposes as unincorporated associations typically known as "\_\_\_ Catholic Church." In this Disclosure Statement, the civil law unincorporated associations are referred to as "Parish Churches" and the ecclesiastical juridic persons are referred to as "Parishes."

Including the five Parishes in the Fairbanks and North Pole metropolitan area, only nine (9) of the forty-six (46) Parishes in the Fairbanks Diocese are located on the road system. The rest of the Parishes are located in rural villages that are only accessible by airplane year round. In the summer, many of these villages are accessible by boat, and in winter by snow machine. Approximately eight (8) Parishes are located in the Interior Region in primarily Athabaskan villages situated on or near the Koyukuk, Kuskokwim, Tanana and Yukon Rivers. There are five (5) Parishes and two (2) mission churches in the Northern Region, including the urban areas of Nome and Barrow. These churches serve largely Inupiat Eskimo and Caucasian populations. There are also approximately twenty-four (24) Parishes serving Yup'ik Eskimo villages and the Yukon Kuskokwim Region. The locations of the Parishes within the Fairbanks Diocese are reflected on the Exhibit "2" map.

It is well documented that the rural Alaska villages where most of the Parishes are located suffer from staggering poverty and social problems<sup>3</sup> when compared to national

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<sup>3</sup> See, "A Summary of Recent Findings Regarding Substance Abuse in Alaska," <http://www.hss.state.ak.us/dph/PDF/substance%20abuse/ExecSmries.pdf>; See "Alaska Behavioral Health Score Card Drill Down, December 2008," <http://www.hss.state.ak.us/pdh/healthplanning/scorecard/assets/indicators.pdf>; See "Alaska Family Violence Prevention Project" [http://www.hss.state.ak.us/dph/ipems/injury\\_prevention/akfvpp/bkgnd.htm](http://www.hss.state.ak.us/dph/ipems/injury_prevention/akfvpp/bkgnd.htm)

averages. In spite of these challenges, the Parishes located in so-called "Bush Alaska" are truly remarkable "communities of the Christian faithful." Due to the severe shortage of priests in the Fairbanks Diocese (there are only 18 active priests including the Bishop<sup>4</sup>), only five (5) of the Fairbanks Diocese's forty-six (46) Parishes have the benefit of a full-time, assigned priest as pastor. For Canon Law purposes, Bishop Kettler has appointed the Vicar General for the Parishes without a resident pastor, alternatively he has appointed the Coordinator for Office of Rural Ministries for the Yukon Kuskokwim Region as Parish administrator for the twenty-four (24) Parishes in the Yukon Kuskokwim Region.<sup>5</sup> Typically these Parishes only see a priest once every several weeks. The ministry of these mission Parishes is carried on by trained lay staff members, local volunteer Eucharistic and Catechistic ministers, or one of the more than twenty (20) ordained Native Yup'ik Eskimo deacons, whose ministry is supported by priests and religious brothers or sisters. More often than not, a priest is unavailable to offer the traditional Sunday Mass; instead trained lay leaders or ordained Native deacons from the villages preside over Celebrations of the Word, with Holy Communion, using hosts that were consecrated at the last Mass that was celebrated. This has become a very important part of the spiritual life of many of the Alaskan communities. It is their way of continuing to learn the meaning of the Word and remembering that Jesus continues to live on, in and through all of us.

Whether through major events such as baptisms, weddings, or funerals or through weekly Celebrations of the Liturgy of the Word along with Holy Communion, these Parishes play a distinctive role in the continued vitality of village life, offering communities both spiritual succor and common ground where all are welcome. Parish Churches' facilities are often gathering spots in the communities where they are located and important parts of the communities in which they

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<sup>4</sup> That is roughly one priest for every 24,000 square miles-an area slightly smaller than West Virginia.

<sup>5</sup> Canon Law authorizes appointment of administrators to serve as a temporary substitute for a pastor.



exist. In addition to volunteer Native Deacons and lay ministers, almost all of these Parish Churches have at least one lay paid administrator who typically works several hours per week keeping up the property, keeping the books, keeping sacramental records and coordinating religious services. The only geographic area within the Fairbanks Diocese that has more than one Parish is Fairbanks.

Only eight (8) of the forty-six (46) Parishes and missions are self-supporting, meaning that they raise enough from plate collections and donations from parishioners to sustain their own operations. The eight self-supporting Parishes are:

- a. St. Patrick Church, Barrow
- b. Immaculate Conception Church, Bethel
- c. Our Lady of Sorrows, Delta Junction
- d. Sacred Heart Cathedral, Fairbanks
- e. Immaculate Conception Church, Fairbanks
- f. St. Mark's University Parish, Fairbanks
- g. St. Nicholas Church, North Pole
- h. St. Raphael Church, Fairbanks.

The other Parish Churches fund their Parishes' operations through a combination of plate collections and subsidies from CBNA. As a result of the poverty and social challenges of the communities within its territory, as well as the inability of most of the Parishes in its territory to sustain themselves financially, the Fairbanks Diocese is considered the only fully missionary Catholic diocese in the United States, falling under the "Congregation for the Evangelization of Peoples," the Church's international missionary wing formerly known as the Sacred Congregation for the Propagation of the Faith. `

**B. Other Ministries and Activities of CBNA**

There are only two Catholic schools in the Fairbanks Diocese which share a campus in the City of Fairbanks just three (3) miles from CBNA's Chancery Offices. Immaculate Conception Elementary and Monroe Junior/Senior High, also known as the Catholic Schools of

Fairbanks ("CSF"), have been a vibrant part of the social fabric of the Fairbanks community since 1946, counting many prominent Alaskans among its alumni. Although it receives a substantial subsidy from CBNA, the majority of funding for CSF comes from tuition and fundraising efforts of the Monroe Foundation, Inc., a separate non-profit corporation renowned for its annual three day HIPOW auction fundraiser. The Board of Directors for the Monroe Foundation also provides guidance to CSF administration.

The Fairbanks Diocese is also home to the oldest Catholic radio station in the country ("KNOM"). Located in Nome on the western edge of the Seward Peninsula more than six hundred (600) miles away from CBNA's main offices, KNOM went on the air in July 1971, after years of planning, fund-raising and work. The educationally oriented, public-service station has garnered dozens of awards for its news and programming. It has full-time listeners throughout Alaska's Seward Peninsula, around Norton Sound, the Yukon-Kuskokwim Delta, and deep into the Russian Far East. It can be heard easily from the Aleutian Islands to the Arctic coast. KNOM's programming sounds similar to many commercial stations with popular music, talk, and news, but in place of the commercials, KNOM inserts 30 and 60-second inspirational and educational spots. KNOM also plays a number of special programs, including the live broadcast of Sunday Mass from St. Joseph Church in Nome, the nightly "Family Rosary," and an inspirational spot which preaches the following week's Gospel, as well as a number of programs from other religious broadcasters. It is wholly financed through listener and donor support from mailing of the "*Static*" newspaper to thousands of donors in the lower forty-eight (48) states. KNOM is staffed with a combination of paid employees and full-time volunteers who receive a small stipend.

The Fairbanks Diocese also conducts several other important ministries, including:

- o The Alaska Native Ministry which includes the Kateri Tekakwitha Center located in Galena, Alaska which serves eight (8) Athabaskan Indian villages in the interior of Alaska and provides educational programs in the surrounding villages to educate



individuals to become more proficient in administering their local Parishes in the absence of priests, brothers and sisters;

- The Native Ministry Training Program based in the Yup'ik Eskimo village of St. Mary's, which offers the very effective training of native Eskimo adults members and local leaders of the Church in the twenty-four (24) Yup'ik Parishes within the geographic territory of the Fairbanks Diocese;
- The Children and Family Center provides faith-based enrichment and education activities for families and children. This office includes the Diocesan Child Protection Officer;
- The Office of Worship supports and guides the sacramental, liturgical and spiritual life of the Fairbanks Diocese and Parishes;
- Stephen Ministry Outreach offers one-on-one care for people with special needs by well-trained Stephen ministers. This ministry includes Catholic chaplaincy to the Fairbanks community hospital and nursing homes;
- The Urban Native Ministry serves as a liaison between the Fairbanks Diocese and the native people living in the Fairbanks urban area;
- The Diocesan Engineering Office provides services for the actual construction and/or maintenance of Parish Churches and facilities at a major savings in construction and maintenance costs;

In addition, in the Deacon Programs within the Fairbanks Diocese consist of:

- The Rural Deacon Program, formerly known as the Native Deacon Program, which was founded in 1970 as the first program in the United States to train native men for the permanent diaconate. Presently, the program has twenty (20) active deacons who minister as the leaders of prayer in eleven (11) of the twenty-four (24) villages that comprise the Yukon-Kuskokwim Region of the Fairbanks Diocese.
- The Urban Deacon Program has historically functioned as a training program for deacons in urban areas of the Fairbanks Diocese and is currently being revamped.

Also, through the Office of Religious Education the Fairbanks Diocese promotes the ministry of catechesis in the Fairbanks Diocese. Catechesis is the word that describes the essential ministry of the Roman Catholic Church through which the teachings of Christ have been passed on throughout the ages.

**C. The Sexual Abuse Crisis and the Fairbanks Diocese's Response**

The sexual abuse crisis that led CBNA to this point cannot be underestimated as to its impact on the Tort Claimants, the Fairbanks Diocese and the Catholic faithful. Let there be no doubt, a handful of individuals,<sup>6</sup> mostly Jesuit priests or volunteers, engaged in criminal sexual acts in varying degrees including exposing themselves, genital touching and fondling over and under clothing, oral sex, child rape including vaginal penetration and sodomy, with more than two-hundred fifty (250) mostly native Athabaskan, Yup'ik Eskimo, or Inupiat Eskimo children and teenagers over a period of more than three (3) decades. These individuals' conduct was despicable, and contrary to every teaching of the Roman Catholic Church (the "Church"). The harm that these individuals caused the survivors, the survivors' families, and the survivors' communities is tragic. These individuals who perpetrated these horrible crimes also betrayed and injured the Church in so many ways.

Approximately two hundred ninety (290) Proofs of Claim were filed asserting injuries from sexual abuse. Ninety-seven percent (97%) of the Tort Claims occurred more than twenty (20) years before the commencement of this Reorganization Case, and more than half of the abuse occurred more than thirty-five (35) years ago. There are no allegations of childhood sexual abuse taking place since Bishop Kettler became Bishop of the Fairbanks Diocese.

Attached hereto as Exhibit "3" is a list of individuals associated with the Fairbanks Diocese who have been accused of sexual abuse that are known to CBNA. Others may have also

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<sup>6</sup> More than four hundred (400) priests and one thousand (1000) religious women and lay volunteers have served in the Fairbanks Diocese.

engaged in the conduct that they have been accused of, but CBNA has not been able to evaluate the credibility of those Claims.

Survivors started coming forward in large numbers beginning in the fall of 2002. In response, Bishop Kettler has led the Fairbanks Diocese in:

- Apologizing for the wrongs committed;
- Appointing a Child Protection Review Board;
- Implementing a comprehensive policy called Faithful Healing - Preventing and Responding To Ministry Related Child Sex Abuse;
- Requiring all priests, deacons, religious, and lay employees and volunteers to receive education and training regarding recognizing and preventing childhood sexual abuse;
- Requiring criminal background checks for all priests, deacons, religious, and lay employees and volunteers ministering in the Fairbanks Diocese;
- Appointing a survivor assistance coordinator;
- Advertising to encourage survivors to come forward;
- Traveling throughout the Fairbanks Diocese to engage in listening sessions in affected communities;
- Conducting Healing Masses and liturgies that incorporate Native elements;
- Making himself available to personally meet with survivors; and
- Requesting that special prayers be added to the intercessions portion of the Mass asking for healing of past wrongs and to strengthen the resolve to prevent future abuse.

The Bishop's forthrightness and aggressive policies to combat the problem of childhood sexual abuse has earned praise both from village communities and from the auditors who audit the extent of the Fairbanks Diocese's implementation of sexual abuse prevention measures adopted by the United States Conference of Catholic Bishops. Bishop Kettler and CBNA intend by the Third Amended Joint Plan that CBNA pay just compensation for the survivors of abuse

and facilitate the future hard work toward healing and reconciliation for everyone involved taking into account the financial circumstances of CBNA and the need to continue the ministry and mission of the Fairbanks Diocese which is critical to the many communities that it serves.

The Third Amended Joint Plan further reinforces CBNA's commitment to reconciliation and healing by continuing CBNA's commitment to assist the healing process and by CBNA's commitment to take additional actions including:

(a) CBNA will file with the Bankruptcy Court the names of the individuals attached on Exhibit "3" identifying them as the priests, religious, lay employees and volunteers accused of sexual abuse in filed Proofs of Claim. The Debtor will not seek to seal such filing and will oppose any effort by any third party to seal such filing.

(b) For a period of ten (10) years after the Effective Date, the Reorganized Debtor will post on the home page of its website and the Website of the Fairbanks Diocese, a prominent link on the home page to the names listed on Exhibit "3" and any other known perpetrators (admitted, proven or credibly accused), including deceased perpetrators and those previously listed.

(c) Within eighteen (18) months after the Effective Date, Bishop Kettler will personally go to every Parish in which any individuals were abused and where those persons identified in Paragraph (a) above served. The Bishop will read from the pulpit a statement of apology and encourage parishioners to support victims. He will also identify all perpetrators that have served in the Fairbanks Diocese and urge all abuse survivors to report abuse to law enforcement, the diocesan Victim's Assistance Coordinator, health care professionals and/or any survivor group or organization felt appropriate by the person wishing to make a report of abuse. He will assure survivors and parishioners that no one will go to hell as a result of coming forward regarding the abuse they suffered and that survivors did not commit any sin in coming forward.

The Bishop's visits to the rural Parishes will, to the extent feasible, be publicized by the following means: (i) posted on the Parish Church bulletin board; (ii) posted by the Parish administrator or the Parish contact in the post office, the washeteria, the community center and the store of each village to the extent allowed by each of such place; (iii) announced by VHF radio by the Parish contact person as requested by the Bishop; and (iv) announced on KNOM two weeks in advance. At least thirty (30) days in advance of the Bishop's visit to a Parish, the Bishop will send a written invitation to all known abuse survivors in that Parish inviting them to attend his visit. Consistent with the Bishop's current practice, the Bishop will continue his "listening" sessions and healing ceremonies during the Parish visits.

(d) A general letter of apology will be displayed on the Fairbanks Diocese's website for a period of ten (10) years from the Effective Date. In addition, this letter of apology will be published in Parish bulletins (where Parish bulletins are used) once a month for three (3) months after the Effective Date. The letter of apology will be read by the Bishop onto a public service announcement to be played on KNOM at least once a month for three (3) months after the Effective Date.

(e) The statement of apology described above in paragraph (c) and the letter of apology described in paragraph (d) above will, among other things:

(i) assure the faithful that all the sacraments conducted by perpetrators are not invalid by virtue of the fact that they were conducted by a perpetrator of abuse;

(ii) include an acknowledgement and apology for the abuses which occurred at Holy Cross Boarding School, the Nulato Catholic Mission School (a/k/a Our Lady of the Snows), and St. Mary's High School (a/k/a St. Mary's Catholic Mission), and also for the cultural

disregard/disrespect resulting from the forced assimilation of Native people;

(f) No later than sixty (60) days after allowance of any Tort Claim (as defined in the Plan), Bishop Kettler will send individual letters of apology to such Tort Claimant and, if requested by such Tort Claimant, to his or her immediate family. The letters of apology will state that the survivor was not at fault for the abuse. Furthermore, the letters will state that no sins were committed by those who have come forward on account of their having come forward. The letters of apology will be personally signed by the Bishop.

(g) CBNA will continue to comply in all respects with the following: (i) the Charter for the Protection of Children and Young People initially adopted by the United States Conference of Catholic Bishops in 2002 and revised in 2005 and as it may be amended from time to time; (ii) the Fairbanks Diocese's Faithful Healing, Preventing and Responding To Ministry-Related Child Sexual Abuse policy adopted on August 1, 2003, as revised subsequently and as it may be amended from time to time; and (iii) the Fairbanks Diocese's Policy on Abuse of Vulnerable Adults adopted November 16, 2005, as it may be amended from time to time. Among other things the Debtor will continue to require individuals working for the Debtor or ministering within the Fairbanks Diocese to sign sworn statements attesting that they have not sexually abused any minor at any time. Further, the Debtor and the Reorganized Debtor will continue to aggressively assert its policy requiring individuals working for the Debtor or ministering within the Fairbanks Diocese to report any information indicating the existence of sexual abuse to law enforcement.

(h) Four times per year for five (5) years after the Effective Date and one time per year for twenty (20) years after the Effective Date, the Reorganized Debtor will publish a prominent statement in media available within the Fairbanks

Diocese, including, where applicable, parish bulletins, parish bulletin boards, Diocesan newsletters circulated within the Fairbanks Diocese (including but not limited to Ministering), KNOM, and on the homepage of the Reorganized Debtor's website, urging persons sexually abused by priests or religious to contact law enforcement, and the diocesan Victim's Assistance Coordinator, doctor or other health care professional or other trusted person and/or any survivor group or organization to make a report of abuse. In addition, the Debtor will provide information of health care professionals for mental health support or counseling.

(i) The Reorganized Debtor will institute a policy requiring that its representatives (including, but not limited to, Bishop Kettler and the Debtor's spokespersons), not refer either verbally or in print to sexual abuse claimants as "alleged" claimants, "alleged" victims or "alleged" survivors, and urging its representative to refer to claimants as survivors of clergy sexual abuse.

(j) The Reorganized Debtor will file status reports regarding its compliance with these non-monetary undertakings with the Bankruptcy Court and serve the Settlement Trustee. Reports will be filed semi-annually for the first two years after the Effective Date and annually for the next three years after the Effective Date. Nothing about this reporting requirement will prevent the issuance of a final decree or closing the Reorganization Case.

**D. The Financial Structure and Operations of CBNA**

The financial operations of CBNA are, in many respects, unlike most other dioceses and archdioceses in the United States. Most dioceses conduct certain ministries but primarily provide oversight and assistance to parishes and deal with matters of the Roman Catholic faith within their territory. This work often includes the need to assist a few of the poorer parishes. Generally speaking, these operations are funded out of chancery taxes assessed against plate collections of the parishes within their territory, from fees for services or other support which is



paid to such dioceses and archdioceses by the parishes and other institutions within their respective geographic territories.

CBNA, on the other hand, must subsidize the operation of thirty-eight (38) out of the forty-six (46) Parishes within the Fairbanks Diocese's territory. Accordingly, one of CBNA's primary activities is raising money to subsidize the practice of the Roman Catholic faith in the thirty-eight (38) non-self sustaining parishes, to provide services supporting the operations of these financially non-self sustaining parishes and to provide services to all people regardless of their faith. For purposes of clarity in the discussions and exhibits that follow- CBNA operates on a fiscal year that begins July 1 and ends on June 30.

#### **1. Sources of Income**

As reflected in the historical analysis attached to this Disclosure Statement as Exhibit "4", CBNA's operations have five (5) primary sources of income: (a) individual donations solicited by the Alaskan Shepherd (averaging 53.19% of annual income of CBNA since 2000); (b) Endowment Income (averaging 8.86% of annual income of CBNA since 2000); (c) Bequests (averaging 13.31% of annual income of CBNA since 2000); (d) Grants (averaging 14.31% of annual income of CBNA since 2000); and (e) fees for services and Parish Assessments<sup>7</sup> (averaging 6.91 % of annual income since 2000).

##### **a. The Alaskan Shepherd**

CBNA raises most of the funds necessary to operate the Fairbanks Diocese and fund Parish subsidies through the work of its Alaskan Shepherd office. The work of the Alaskan Shepherd office is two fold. First, it publishes the "The Alaskan Shepherd" newsletter. The newsletter, which is published ten (10) times each year, is meant to keep friends and benefactors of the Fairbanks Diocese informed about and interested in its people and its apostolic works, with articles that are historically accurate, interesting and edifying. Second, the Alaskan

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<sup>7</sup> The Fairbanks/North Pole area Parishes pay a substantial assessment to subsidize CSF's operation which is part of CBNA.



Shepherd program seeks prayer and raises financial resources which help the Fairbanks Diocese carry out its mission and ministry. The Alaskan Shepherd newsletter and solicitations go to a mailing list of more than forty-five thousand (45,000) donors around the world.

The importance of the Alaskan Shepherd operation to the Fairbanks Diocese and the other Catholic entities and agencies within its territory cannot be overemphasized. One of the most important components of the Alaskan Shepherd's operations is maintaining credibility with its donors around the world that their money goes to the missionary work and specific projects and programs designated (restricted) by the donor. It is one thing to consistently put money in a collection basket that passes through the pew at church each week and an entirely different thing to mail a \$5, \$10, \$25 or \$100 check halfway around the world on a regular basis.

Yet thousands of individuals from the lower forty-eight (48) states and around the world do. Many donors' contributions are accompanied by a prayer request. Additionally, there are many people who write-in, expressing a deep interest in the missionary nature of CBNA, but who are too poor to make a contribution. Instead of funds, they send a contribution in the form of a note containing a heartfelt prayer. Further, many individuals write in describing personal difficulties and sufferings and ask that the diocese pray for them and their loved ones. These prayer requests are all brought to the special Mass often led by Bishop Kettler each Thursday morning, specifically mentioning these requests during that portion of the liturgy that is called the "prayers of the faithful." The Alaskan Shepherd also receives hundreds, if not thousands, of Mass intentions. These requests are treated with the utmost care and reverence by the Alaskan Shepherd's staff who ensure that they are distributed to priests according to the donors' wishes.

In order to maintain credibility with its donors, and so that CBNA can manage its cash flow and operations within the law governing the use of charitable gifts, the Alaskan Shepherd office operates a sophisticated and highly accurate donor and donation tracking system. This operation allows CBNA to ensure that donation patterns are tracked and donors' intents are meticulously followed. The viability of CBNA's continued operations and its ability to make a

meaningful contribution (in addition to insurance proceeds) toward funding the Plan depends on its ability to maintain donor confidence throughout the reorganization process.

b. The Endowment

The Endowment was established in approximately 1980 by Bishop Robert Louis Whelan. The Endowment was further refined and organized by Bishop Michael Joseph Kaniecki in formal documents in approximately 1996. The Endowment is actually a "collection of endowments created by CBNA to provide for the future of the Fairbanks Diocese by ensuring the fiscal security of the Church, the parishes within the territory of the Fairbanks Diocese, schools, agencies and programs." The Endowment documents (the "Endowment Documents") provide that:

[T]he DONATE Fund<sup>8</sup> will:

- Enable individuals, families, and others to support future needs of the Fairbanks Diocese, its parishes, schools, agencies and programs.
- Provide individuals, families, and others the opportunity to establish a memorial honoring a friend or loved one.
- Provide individuals, families, and others greater flexibility and focus in achieving their personal giving objectives.

The Endowment Documents also describe certain established Endowment funds to which a donor can donate. The Endowment Documents also allow for a donor to create an Endowment to "meet specific personal giving objectives" which will then be administered by CBNA. If additional Endowment funds are established, an Endowment Operating Agreement is executed by the donor or person establishing the Endowment, as well as a Participation Agreement (collectively, "Related Documents"). The largest Endowment fund is the Mission Support Endowment (which was formerly known as the "Alaskan Shepherd Endowment"). From its inception in the early '80's until the early '90's, monies received with express restrictive intent were placed in the Mission Support Endowment. Beginning in the early 1990's, Bishop Kaniecki

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<sup>8</sup> The DONATE Fund is the name given to the Endowment.

announced a policy whereby, unless a bequest expressly indicated otherwise, all bequest donations would be deposited into the Mission Support Endowment, the corpus preserved and income used in connection with mission support. This policy was widely and regularly published in the Alaskan Shepherd newsletter and otherwise. This policy enabled the Mission Support Endowment to significantly accumulate in value.

Under the Endowment Documents and Related Documents, the Endowment funds are managed under the "total return" concept of Endowment management "to the extent feasible." That means that funds will be invested within specific risk levels to achieve maximum total return (earnings) without regard to the distinction between capital appreciation (realized and unrealized) and yield (interest, dividends, etc.). Further, the Endowment Documents limit earnings withdrawals to 5.5% of the principal value of the fund averaged over the preceding three (3) years. Also, "spending distributions will be limited to the accumulated net yield and capital appreciation (realized and unrealized)." This type of fund management required the fund administrator to determine earnings based on the concept of "historical dollar value." As defined in the Uniform Management of Institutional Funds Act ("UMIFA"), a charity could prudently spend amounts above historic dollar value of all contributions to the fund, valued at the time of contribution. Amounts below historic dollar value cannot be spent. As a result, if the value of Endowment investments falls below an historical dollar value due to shifts in the market, no income could be distributed until market gains increase the value of Endowment investments above the historic levels, even if it meant that the programs that the Endowment was intended to support suffered tremendously. The effect of this principle can be seen in the historical financial data for CBNA where Endowment income fell to \$0.00 for the fiscal years ending on June 30, 2002, 2003, and 2004. This result was caused by the devaluation in the market value of Endowment investments after the September 11, 2001 terrorist attacks. CBNA presently is experiencing a similar problem because of the severe market downturn in the fall of 2008. If CBNA were to retain the historical dollar value based management of the Endowment, the Endowment will generate no income for many years.

In mid-2002, when the lower earnings from the Endowment did not continue to support the CBNA mission, Fr. Richard Case, after consultation with the Diocesan Finance Council, urged a change in the policy regarding bequests so that, absent specific donor intent to the contrary, bequests would be used to support current operations and would not be placed in the Endowment. This policy was again widely advertised in the Alaskan Shepherd newsletter and otherwise before it was implemented in order to give donors the opportunity to change their wills. Thereafter, if a bequest was received from someone who died after the policy change went into effect, the funds went to general operations unless the bequest documents specifically provided otherwise. The effect of this policy change can be seen in the historical financials where bequest income grew from \$179 on June 30, 2002, to as much as \$1,915,090 in the year ending June 30, 2005, averaging \$981,928 per year.

CBNA has maintained comprehensive accounting records of the various Endowment funds that demonstrate how CBNA has honored donors' intent by recording all corpus funds and segregating out the earnings for the purpose of the Endowment. The Alaskan Shepherd office, with its extensive donation intake and tracking capabilities has always administered the solicitation and intake of donations to the Endowment, and CBNA has similarly managed the funds in a manner consistent with the Endowment purposes and the donors' intent. CBNA has always respected this intent by not using the corpus and by using the income for Endowment designated purposes. The Endowment funds were not reflected as "unrestricted" on financials and were segregated as a separate fund in accordance with the nature of the Endowment.

Based upon applicable Alaska and Federal Bankruptcy law, it is CBNA's position that the Endowment, the Endowment Documents and Related Documents meet the definition of a charitable trust and must be respected. See e.g., *Roberts v. State Dept. of Revenue*, 162 P.3d 1214 (Alaska 2007); *Botelho v. Griffin*, 25 P.3d 689, 693 (Alaska 2001); and *Alaska State Employees Ass'n v. Alaska Pub. Employees Ass'n*, 825 P.2d 451, 459 (Alaska 1991). Therefore, it is CBNA's position that the principal and income from the Endowment are exempt from the Claims of CBNA's Creditors, and neither the property nor the value of the Endowment corpus are

included in the Third Amended Joint Plan. See 11 U.S.C. § 541(d); *In re Parkview Hospital*, 211 B.R. 619 (Bankr. N.D. Ohio 1997); and *In re Roman Catholic Archbishop of Portland in Oregon*, 345 B.R. 686 (Bankr. D. Ore. 2006).

The Committee, however, disagreed with this proposition and had filed an adversary proceeding that seeks a declaration that the Endowment corpus and income are part of the Estate and may be invaded to pay Claims pursuant to Bankruptcy Code § 541 (the "Declaratory Judgment Adversary"). However, as a result of the settlement between CBNA and the Committee, upon confirmation of the Plan, the Declaratory Judgment Adversary will be dismissed with prejudice. In addition, as discussed below, the assets of the Endowment are not included in the liquidation analysis or CBNA's analysis of the best interests of creditors test.

In order to facilitate implementation of the Third Amended Joint Plan, the Third Amended Joint Plan provides for two significant amendments to the Endowment Documents. First, the Third Amended Joint Plan provides for modifying the Endowment spending policy that has been based on the historical dollar value concept and implements the prudence standard articulated in the recently promulgated Uniform Prudent Management of Institutional Funds Act ("UPMIFA").<sup>9</sup> Second, and more importantly, the Third Amended Joint Plan modifies the Endowment Documents in order to permit investment in investment and mission real property, and provides for modifications to the permitted asset allocations. The Endowment Documents will be amended to add the following provision to the Investment Guidelines:

- (1) Real estate: real estate includes developed or undeveloped land and buildings that are suitable for use as investment, mission, or school property.
- (2) Investment property will have appropriate income, capital appreciation, marketability and administrative costs characteristics.

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<sup>9</sup> UPMIFA has been enacted by 48 of the 50 states, and was introduced in the Alaska State Senate as SB 134 in 2009. It is presently pending before the Senate Education Committee.

- (3) Mission and School Property must have stable value and the property's use must be necessary for the long term mission of the Catholic Church in Northern Alaska.

The asset allocations will be amended as follows:

	<u>Maximum</u>	<u>Minimum</u>	<u>Target</u>
Total Return Based Pooled Fund:			
Real Estate	70%	0%	40%
Equities	70%	25%	45%
Fixed Income	50%	5%	10%
Cash	20%	0%	5%

After approval of this amendment, the Endowment will be permitted to acquire real property. Under the Third Amended Joint Plan, CBNA will sell the following real property to the Endowment which will then become part of the corpus of the Endowment:

Catholic Schools of Fairbanks	\$3,500,000.00
Chancery property	\$1,200,000.00
Kobuk Center/ priest residence	\$1,120,000.00
Warehouse maintenance center	\$225,000.00
KNOM property, Nome , AK	\$430,000.00
FCA Barnett St Building	\$600,000.00
Betty Street Residence	\$205,000.00
Hanger	\$346,000.00
Kateri Center, Galena	\$175,000.00
Cessna 207	\$75,000.00
Lot next to warehouse	\$31,000.00
Total	\$7,907,000.00

In addition, the Monroe Foundation will be funding its contribution to the Plan by selling a vacant lot that it owns to the Endowment for \$150,000. This investment in real estate will represent an allocation of 55% of the historic dollar value of the Endowment and approximately 57% of the value of the Endowment as of December 1, 2009. Such an investment profile is well within the range permitted by the proposed investment policy revision.

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The UPMIFA amendment will greatly stabilize CBNA's ability to operate on a going forward basis. Instead of using historic dollar value as a limitation discussed above, UPMIFA applies a more carefully articulated prudence standard to the process of making decisions about expenditures from an endowment fund which standards are designed to encourage institutions to establish a spending policy that will be responsive to short-term fluctuations in the value of the fund, and allow an institution to maintain appropriate levels of expenditures in times of economic downturn or economic strength. In some years, accumulation rather than spending will be prudent, and in other years an institution may appropriately make expenditures even if a fund has not generated investment return that year. Although the UPMIFA does not require that a specific amount be set aside as "principal," UPMIFA assumes that the charity will act to preserve "principal" (i.e., to maintain the purchasing power of the amounts contributed to the fund) while spending "income" (i.e. making a distribution each year that represents a reasonable spending rate, given investment performance and general economic conditions). Thus, it requires the institution to monitor principal in an accounting sense, identifying the original value of the fund (the historic dollar value of the corpus) and the increases in value necessary to maintain the purchasing power of the fund.

Accordingly, the Endowment Documents will be amended to provide that at least twice annually, on or about March 31 and October 31, the Diocesan Bishop, in consultation with the Diocesan Finance Office and after consulting with the Diocesan Finance Council, may determine such spending distributions from one or more of the Endowments as is prudent for the uses, benefits, purposes and perpetual duration for which an Endowment was established. In determining the spending distributions, the Diocesan Bishop is to act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. The relevant factors to be considered by the Diocesan Bishop in setting the spending distributions for a particular period will be determined by the Diocesan Bishop in consultation with the Diocesan Finance Office and the Diocesan Finance Council.

These factors include:

- (1) the need to preserve the Endowment into perpetuity monitoring principal in an accounting sense, identifying the original value of the fund (the historic dollar value) and the increases in value necessary to maintain the purchasing power of the fund;
- (2) the purposes of CBNA, the Fairbanks Diocese and the Endowment fund;
- (3) donor intent;
- (4) general economic conditions;
- (5) the possible effect of inflation or deflation on the fund and the beneficiaries;
- (6) the expected total return from income and the appreciation of investments;
- (7) other resources of CBNA; and
- (8) the investment policy of the Endowment.

The Bishop's authority with respect to spending distributions will be limited to no more than an amount equal to six and one quarter percent (6.25%) of the fair market value of an Endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of the preceding three (3) years. The six and one quarter percent (6.25%) figure was chosen in order to be conservative compared to UPMIFA's presumption that a seven percent (7%) withdrawal is prudent.

The Debtor's forecast assumes that as a result of this amendment to the Endowment Documents, CBNA will receive disbursements of an amount equal to two and one-half percent (2.5%) to three percent (3%) of the historic dollar value of the Endowment on a consistent basis. This number is much lower than the six and one quarter percent (6.25%) permitted under the UPMIFA amendment, but reflects an anticipated decrease in returns due to the large investment in mission real estate contemplated under the Third Amended Joint Plan. The lower returns also permit the value of the Endowment to be replenished to historic dollar values over time, while still providing CBNA the ability to rely on the Endowment in its budgeting process.



The Debtor believes that these amendments to the Endowment are prudent and are and will be consistent with donor intent. These amendments also enable CBNA to meet its obligations under the Plan and to finally provide for a consensual way to establish a fund from which to compensate the Tort Claimants while still maintaining the mission and ministry of the Fairbanks Diocese.

c. Bequests

As discussed above, beginning in 2002, bequests received from estates of men and women who died before August 1, 2002, but which did not contain an express requirement that the corpus be preserved and only the income used, or other express restriction, were treated as current unrestricted donations. Since 2002, legacies, bequests, and annuity income has averaged \$841,678.00 annually. As of the Petition Date, CBNA had approximately one hundred (100) to one hundred fifty (150) pending bequests. That is to say that these donors had named CBNA in a planned giving instrument or had passed away, and CBNA was waiting for the donors' estates to be processed. In many cases, charities are entitled to a percentage of the remainder after all other aspects of the estate have been processed. As such, bequests are often pending for several years until a potential donor dies or while the decedents' estates are probated and administered. Often CBNA is unaware it is a beneficiary of a will or trust until it is contacted by a decedent's personal representative. The precise timing and amount of distributions vary widely and is very difficult to predict.

d. Fees for Services and Parish Assessments

The self sustaining Parishes pay a subsidy to the Fairbanks Diocese for support of the non-self sustaining Parishes and the CSF. The assessments are calculated as follows:

Assessment Calculation Fiscal Year 2009 - 2010										
Parish	Year Established	Years in Existence	Approx Registered Families	Prior Year Revenue	CSF Assessment		Subsidized Parish Assessment		Total Assessment	
SHC - Fbks	1967	42	500	396,400	48,559	12.25%	20,415	5.15%	68,974	17.40%
ICC - Fbks	1903	106	800	402,852	49,349	12.25%	20,747	5.15%	70,096	17.40%
St. Mark - Fbks	1980	29	45	56,414	4,654	8.25%	2,905	5.15%	7,559	13.40%
St. Nicholas - NP	1979	30	320	267,984	27,468	10.25%	13,801	5.15%	41,269	15.40%
St. Raphael - Fbks	1989	20	260	194,033	19,888	10.25%	9,993	5.15%	29,881	15.40%
ICC - Bethel	---	---	---	145,478	---	---	7,492	5.15%	7,492	5.15%
St. Patrick - Barrow	---	---	---	85,000	---	---	4,378	5.15%	4,378	5.15%
OLS - Delta Junction	---	---	---	60,000	---	---	3,090	5.15%	3,090	5.15%

Assessment rates are set by the Bishop, in conjunction with the Finance Department

{A} Revenues are based on the prior year plate collections, donations, and fundraisers

{B} Parish assessment is a flat rate regardless of parish statistics

{C} CSF assessment is based on registered families

12.25% 500+ registered families

10.25% 100 - 499 registered families

8.25% 1 - 99 registered families

{D} Barrow's and Delta Junction's 2008 operating reports have not yet been provided to the Finance Department.

As such, we have used an estimate based upon their 2007 operating reports.

The Fairbanks Diocese redistributes these monies to the CSF on a monthly basis, and to the subsidized Parishes on or about the 15<sup>th</sup> day of August, November, February, and May. It should also be noted that even the self-sustaining Parishes have very limited revenue. For example, the largest collection plate revenue for any of the Parishes is barely over \$400,000 annually, and cumulatively, the eight (8) self-sustaining Parishes report just over \$1.6 million annually. Thus, additional taxing of the self-sustaining Parishes was not a viable avenue for CBNA to raise funds to fund the Plan. For example, even if the Fairbanks Diocese were to impose a new three percent (3%) tax on revenue (which would represent a fifty-eight percent (58%) tax increase over what is currently charged), CBNA would raise less than \$50,000 in revenue. In addition, the amount of a tax or assessment imposed by the Fairbanks Diocese on the Parishes is an ecclesiastical church governance matter and there are constraints imposed on the taxing authority of the Bishop.

CBNA also collect fees for services for portfolio management for the Endowment, accounting services provided to the Alaska Conference of Catholic Bishops and for services provided to the trustees of the Catholic Trust of Northern Alaska. Altogether, these fees and assessments average a total of approximately \$600,000 per year.

As a result of its financial difficulties in 2009, CBNA was forced to seek additional sources of income. One place that CBNA turned was to seek one time emergency gifts and or loans from dioceses and archdiocese in the lower forty-eight (48) states. In all, CBNA contacted seventy-seven (77) dioceses and archdioceses including — Albany, NY, Allentown, PA, Amarillo, TX, Arlington, VA, Atlanta, GA, Austin, TX, Baltimore, MD, Belleville, WA, Baton Rouge, LA, Beaumont, Boise, ID, Buffalo, NY, Burlington, VT, Camden, NJ, Charleston, SC, Charlotte, NC, Cincinnati, OH, Cleveland, OH, Colorado Springs, CO, Corpus Christi, TX, Dallas, TX, Denver, CO, Detroit, MI, Dodge City, KS, Des Moines, IA, Dubuque, IA, El Paso, TX, Erie, PA, Fall River, Fargo, ND, Ft Worth, TX, Fresno, CA, Gary, IN, Great Falls-Billings, MT, Green Bay, WI, Hartford, CT, Helena, MT, Honolulu, HI, Indianapolis, IN, Joliet, IL, Kansas City-St Joseph, MO, Kansas City, KS, Laredo, TX, Lafayette, ID, Lafayette, LA, Las Cruces, NM, Lexington, KY, Louisville, KY, Marquette, Miami, FL, Michigan Catholic Conference, Nashville, TN, New York, NY, Oakland, CA, Omaha, NE, Orange, CA, Palm Beach, FL, Phoenix, AZ, Pittsburgh, PA, Philadelphia, PA, Providence, RI, Reno, NV, San Angelo, CA, San Bernardino, CA, San Francisco, CA, San Jose, CA, Seattle, WA, St Louis, MO, Sioux Falls, SD, Springfield, IL, Springfield -Cape Girardeau, MO, Tucson, AZ, Victoria, BC, Yakama, WA, and Youngstown, OH. As a result of these efforts, CBNA has received gifts from twenty-four (24) dioceses and archdiocese ranging from \$200 to \$50,000. The cumulative amount of all the gifts is \$416,900. Unfortunately, none of the dioceses or archdioceses have been willing to lend to CBNA in large part because of CBNA's inability to demonstrate that it would be able to debt-service any such loans.

## **2. Uses of Income**

CBNA's operation is lean. Excluding KNOM and CSF, CBNA directs the majority of its resources towards ministry and mission programs. In 2008, \$2,103,663 of revenue resources were channeled back out to the bush Parishes in the form of direct subsidies, wage and benefit subsidies for religious and lay Parish workers and program directors, as well as for the building, remodeling, and restoration of the Parish facilities. Additionally, CBNA directed another

\$749,175 of revenue resources towards other chancery based ministry programs such as Religious Education, Children and Family Life, and Adult Formation. Combined, CBNA was able to focus more than fifty-six percent (56%) of its resources towards ministry and mission. The Alaskan Shepherd Fundraising operations further comprise another approximately eleven percent (11%) of the expenditures.

Significantly, since 2000, professional fees have grown from one and .41 percent (1.41%) of expenses, to over seventeen percent (17%) of expenses while the Reorganization Case was pending in the fiscal year ended June 30, 2008. Since the fiscal year ending June 30, 2001 (no sexual abuse Claims were filed before that date), professional fees have grown by an average of fifty-eight and .47 percent (58.47%) per year. Continuing to devote so many resources to professional fees is not sustainable and is also one of the reasons CBNA filed the Reorganization Case.

As a result of significant cash shortfalls, in May 2009, the Fairbanks Diocese took certain emergency steps to drastically reduce its staffing levels. Among other things, the Bishop announced the elimination of five (5) full-time positions and one (1) part-time position for fiscal year beginning July 1, 2009. Further in addition to continuing to furlough employees one (1) day per week throughout the summer, CBNA instituted permanent reductions for certain staff including:

- twenty percent (20%) hours and pay reduction for the Bishop's secretary;
- fifty percent (50%) hours and pay reduction for the Librarian/Archive Clerk (going from full time to half time);
- twenty percent (20%) hours and pay reduction for the office manager for the Alaskan Shepherd;
- twenty percent (20%) hours and pay reduction for three clerks in the Alaskan Shepherd's office; and
- sixteen percent (16%) salary reduction for the Chancery Office Campus Maintenance Director.

In addition to the foregoing, the Bishop announced that top management was also taking voluntary permanent salary reductions including:

- twenty percent (20%) salary reduction for the Bishop;
- twenty-five percent (25%) salary reduction for the Director of Finance; and
- twenty percent (20%) salary reduction for the Chancellor.

All told these efforts will reduce CBNA's payroll expense by more than \$400,000 per year.

### **3. Catholic Schools of Fairbanks Sources and Uses of Cash**

As reflected in the historical analysis of CSF attached to this Disclosure Statement as Exhibit "5", on average, CSF's operations generate seventy-three and .4 percent (73.4%) of its income from tuition and fees, five and .45 percent (5.45%) of its income from after school program charges, and sixteen and .87 percent (16.87%) of its income from direct donations consisting primarily of a direct subsidy from CBNA's chancery office and an assessment charged to the Fairbanks and North Pole metropolitan area Parishes. However CSF's operations, including direct donations, only account for eighty-two percent (82%) of the funds needed to operate CSF. On average, CSF's operations run at an annual deficit of \$589,179. CSF, therefore, depends on the generosity and hard work of the Monroe Foundation, which net of fundraising expenses, raises \$610,433 on average each year or eighteen and .46 percent (18.46%) of the funds necessary to operate CSF. On average, direct contributions and Monroe Foundation contributions together account for thirty-two and .33 percent (32.33%) of CSF's annual operating budget.

### **4. KNOM's Sources and Uses of Cash**

As reflected in the historical analysis of KNOM attached to this Disclosure Statement as Exhibit "6", on average, KNOM receives eighty-four percent (84%) of its income from its "Static" newspaper fundraising and eleven and .6 percent (11.6%) from bequests specific to KNOM. On average, fundraising expenses account for approximately twenty-seven and .93

percent (27.93%) of KNOM's expenses; programming accounts for seven and .97 percent (7.97%) of expenses; expenses associated with volunteers and staffing account for roughly forty-five and .26 percent (45.26%) of expenses; technical expenses account for approximately six and .34 percent (6.34%) of expenses; and general operating overhead accounts for twelve and one-half percent (12.50%) of expenses. Since 2000, on average, KNOM's operations have lost \$16,491.18 per year.

**E. Disputes Over Property Ownership and Associated Risks**

Similar to other diocesan bankruptcy cases, CBNA scheduled property that it holds in trust for the benefit of Parishes and property that it holds in trust for charitable purposes (the Endowment) as property held for the benefit of others, under line 14 of the Statement of Financial Affairs. This was not out of the ordinary. Indeed, every debtor in every bankruptcy case in the United States answers line 14 of the Statement of Financial affairs. Pursuant to Bankruptcy Code § 541(d), property that a debtor holds in trust (a trustee holds bare legal title) for the benefit of another (who holds the equitable interest in the property) does not constitute property of the debtor's bankruptcy estate and cannot be used to pay the debtor's creditors. Specifically, Bankruptcy Code § 541 provides in pertinent part:

(a) The commencement of a case under section 301, 302, or 303 of this title creates an estate. Such estate is comprised of all the following property, wherever located and by whomever held:

(1) Except as provided in subsections (b) and (c)(2) of this section, all legal or equitable interests of the debtor in property as of the commencement of the case.

...

(d) Property in which the debtor holds, as of the commencement of the case, *only legal title and not an equitable interest*, . . . becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtor's legal title to such property, *but not to the extent of any equitable interest in such property that the debtor does not hold*.

(emphasis added).



By the provisions of the Bankruptcy Code quoted above, the Bankruptcy Code recognizes long standing black letter law that it is a breach of fiduciary duty, a breach of the duty of loyalty, and self dealing for a trustee to divert funds that he or she holds for the benefit of another for personal benefit (i.e. paying the trustee's personal debts). See e.g., 38 Am. Jur. 2d Trusts § 381 (1992) ("A trustee is under a duty to refrain from personal traffic in, or private use, or appropriation of trust property or funds, at least without the express consent of the beneficiary. The trustee must not apply trust property or funds to his or her personal debts, or suffer them to be so applied."); *Restatement (Third) of Trusts* § 42 cmt. c (2003) ("Although a beneficial interest in a trust may generally be reached by creditors of the beneficiary . . . , the trustee's personal creditors or trustee in bankruptcy may not reach either the trust property or the trustee's nonbeneficial interest therein."). In other words, just because a debtor files for bankruptcy protection or reorganization does not compel the debtor to breach his or her fiduciary duties with respect to property that is held in trust.

A true and correct copy of line 14 of the Statement of Financial Affairs that was filed with CBNA's amended schedules is attached to this Disclosure Statement as Exhibit "7". The property identified on line 14 includes: (1) Parish Church real property which is held by CBNA as a trustee for the benefit of the Parish Churches; (2) Endowment funds which are held by CBNA as a trustee for the benefit of certain charitable purposes; (3) custodial funds held by CBNA primarily resulting from consolidating "second collections" at church services for payment of a single check to the national charity; and (4) I.R.C. § 457 retirement accounts of certain employees.

The Committee and certain individual tort creditors had asserted that the Parish Church real property and the Endowment funds (collectively the Parish Church real property and the Endowment funds are referred to in this Disclosure Statement as the "Contested Trust Property") should be taken and used to pay CBNA's Creditors and, as a result of that dispute, the Committee initiated the Declaratory Judgment Adversary Proceeding in order to require the use of this trust property to pay Creditors. substantively consolidated with CBNA's estate. CBNA disputes the



Committee's position; however, as a result of the settlement between CBNA and the Committee and pursuant to the Third Amended Joint Plan, the Declaratory Judgment Adversary Proceeding will be dismissed with prejudice upon the Effective Date of the Third Amended Joint Plan.

In addition to the foregoing, the Court granted the Committee the right to file avoidance actions in order to try to recover the transfer of funds to the CTNA as a fraudulent transfer, or as an improper preference, in October 2007. Immediately after the Court entered its order permitting the Committee to pursue avoidance actions against the CTNA, the Committee filed the complaint captioned *Official Committee of Unsecured Creditors v. Catholic Trust of Northern Alaska, et. al.*,<sup>10</sup> Adversary no. 09-90025-DMD (the "Avoidance Action Adversary"). CTNA and CBNA believe that there were numerous defenses to the Avoidance Action Adversary; however, as a result of the settlement between CBNA and CTNA which has been approved by the Committee, upon the Effective Date of the Third Amended Joint Plan, the Avoidance Action Adversary will be dismissed with prejudice.

The Third Amended Joint Plan incorporates settlements between CBNA and the Estate on the one hand and the Parish Churches, Monroe Foundation and the CTNA on the other hand. Under that settlement, the Parish Churches agree to pay \$650,000 from their unrestricted deposits with the CTNA to the Fund on the Effective Date, and the Monroe Foundation agrees to pay \$150,000 to the Fund on the Effective Date, in exchange for a release from claims against their property including a dismissal of the Declaratory Judgment Adversary Proceeding and the Avoidance Action Adversary Proceeding, with prejudice. The \$650,000 represents more than two-thirds of the unrestricted funds still on deposit with the CTNA (the weak economy has forced Parish Churches to look to their savings to help sustain themselves).

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<sup>10</sup> The Committee also named every trustee and every parish as defendants.

**1. Assets**

**a. Real Property**

Below is a summary of CBNA's real property and its disposition under the Third Amended Joint Plan:

- (1) Chancery and Retreat Center, 1316-1318 Peger Rd., Fairbanks, AK 99709 PAN: 0573787

The Chancery Office and Retreat Center is located just off of Airport Road in Fairbanks and serves as the main offices of CBNA and the Fairbanks Diocese. It was appraised at a value of \$1.1 million in late 2007. Under the Third Amended Joint Plan, the Chancery Office will be sold to the Endowment for \$1.2 million in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

- (2) Kobuk Center, 2890 N. Kobuk Ave., Fairbanks AK 99709 PAN# 0573795

The Kobuk Center, which is also critical to the continued mission and ministry, is located just off of Airport Road in Fairbanks and serves as a conference center used for retreats and other CBNA and Diocesan business; it also serves as a residence for priests including the bishop of the Fairbanks Diocese and guest quarters for ministers visiting Fairbanks from the bush. It was appraised at a value of \$1.1 million in late 2007. Under the Third Amended Joint Plan, the Kobuk Center will be sold to the Endowment for \$1.12 million in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

- (3) Warehouses, 1316 Peger Rd., Fairbanks, AK 99709 PAN# 0126985

The Warehouses are on the same campus as the Chancery and Kobuk Center. CBNA uses the Warehouses for staging supplies and materials for shipping to bush Parish Churches. CBNA considers the Warehouses essential to its ability to subsidize and assist the bush Parish Churches. CBNA intends to retain the Warehouses for ministry purposes. Under the Third Amended Joint Plan, the Warehouses will be sold to the Endowment for \$225,000 in Cash on or

before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

- (4) Fairbanks Counseling and Adoption Center, 912 Barnette St.,  
Fairbanks, AK PAN# 0040410

The Fairbanks Counseling and Adoption Center is an office building in central Fairbanks which CBNA leases to its sister charity, Fairbanks Counseling and Adoption ("FCA"), at below market rent. FCA provides essential charitable services to all the people of Fairbanks and northern Alaska in general, including providing counseling to survivors of sexual abuse. In addition to providing FCA discounted rent, CBNA provides FCA a small operating subsidy. Under the Third Amended Joint Plan, the FCA building will be sold to the Endowment for \$600,000 in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

- (5) Kateri Tekakwitha Center/Convent; Galena, AK

Named after the first Blessed Native American, the Kateri Tekakwitha Center, located in Galena, Alaska on the Yukon River, serves eight (8) Athabascan Indian villages in the interior and houses three (3) religious women. The primary work of the Center is to educate and support Catholics in the villages of Galena, Huslia, Kaltag, Koyukuk, McGrath, Nulato, Ruby and Tanana to become proficient in administering their local Parishes in the absence of priests, brothers and sisters. The Kateri Tekakwitha Center strives to enable and empower Athabascan villagers lay ministry as Prayer Leaders, Eucharistic Ministers, Lectors, Sacristans and Parish Administrators in their home parishes. The work of the Center is essential to the Fairbanks Diocese's ministry and CBNA's ability to support the Parish Churches in the interior region. CBNA does not believe that there is any significant market in Galena for the Kateri Tekakwitha Center. Under the Third Amended Joint Plan, the Kateri Tekakwitha Center will be sold to the Endowment for \$175,000 in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

(6) Aircraft Hangar, 3548 University Ave., Fairbanks, AK 99709

CBNA constructed an airplane hangar sufficient to hold two aircraft, on land that is the subject of a long term ground lease from the Fairbanks Airport Authority. In the past, CBNA housed aircraft used for mission travel at the Hangar. In December 2008, CBNA successfully sold the primary aircraft housed at the location. Under the Third Amended Joint Plan, the Aircraft Hangar will be sold to the Endowment for \$346,000 in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

(7) Jesuit Residence, 1318 Peger Rd., Fairbanks, AK 99709

The Jesuit Residence is a four (4) bedroom, two (2) bath residence featuring a chapel and four (4)-car garage located in central Fairbanks and has a market value of \$255,000. It is part of the collateral pool securing the \$1 million of debtor-in-possession financing provided by Great Falls. CBNA will retain the property under the Third Amended Joint Plan subject to the lien in favor of Great Falls.

(8) CBNA 14.5 Acres raw land next to Chancery - House of Prayer

There is a parcel of approximately 14.5 acres of raw land near the Chancery Offices and Kobuk Center and includes the House of Prayer Chapel. This land is also part of the collateral pool securing the \$1 million of debtor-in-possession financing provided by Great Falls. CBNA will retain the property under the Third Amended Joint Plan subject to the lien in favor of Great Falls.

(9) Catholic Schools of Fairbanks, 615 Monroe Street and 709 Illinois Street, Fairbanks, AK 99701 PAN# 0103497, 0478377, 0478393

The campus of Monroe Jr. & Sr. High Schools and Immaculate Conception Elementary School are located in central Fairbanks. The schools operated there are the only Catholic Schools located within the four hundred ten thousand (410,000)-mile territory of the Fairbanks Diocese. Closure of the schools would impose an undue burden on the free exercise of religion on the Fairbanks families desiring a Catholic education for their children, and, therefore, its value is included in the Third Amended Joint Plan as Excluded Property pursuant to the

Religious Freedom Restoration Act. Further, almost all of the improvements on the campuses are the direct result of the fundraising efforts of the Monroe Foundation.

Although these parcels were scheduled with a value of \$3.5 million, CBNA does not believe that value accurately reflects the market for the property. As a preliminary matter, as is reflected in its historical information contained in Exhibit "5", CSF is only able to operate as a result of \$1,068,969 in annual contributions from the Monroe Foundation, CBNA and the Fairbanks and North Pole area Parishes. No for-profit private school would be able to invest \$3.5 million to acquire a campus to operate a school at a \$1 million annual loss. Although it is conceivable that a developer could acquire the property, raze the school buildings and attempt to develop it commercially, the nearby vacant retail and industrial properties, as well as the extraordinary costs of tearing down the school make such a scenario highly unlikely, much less at a value anywhere approaching \$3.5 million. For the foregoing reasons, the CSF campus is not included in the liquidation analysis. CBNA has further estimated that if the Religious Freedom Restoration Act argument could be overcome, the highest amount that a developer would pay for the property would be \$1,750,000. Nevertheless, under the Third Amended Joint Plan, the CSF campus will be sold to the Endowment for \$3.5 million in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

(10) Catholic Schools - PAN #0478377 LOT A MONROE  
CATHOLIC SCHOOL FIRST ADDITION OUT OF J-1  
MONROE CATHOLIC SCHOOL TRACT

This is a vacant lot adjacent to the CSF campus. It is presently subject to an eminent domain request by the City of Fairbanks. CBNA intends to sell this lot to the City of Fairbanks, but to the extent the sale has not closed before the Effective Date, CBNA will retain the property.

(11) CSF Convent, 615 Betty Street, Fairbanks, AK 99701 PAN#  
0061778, 0061786

This is a small residential building/convent adjacent to the CSF campus which has been and can be utilized for housing teachers. Under the Third Amended Joint Plan, the CSF Convent

will be sold to the Endowment for \$205,000 in Cash, on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan.

- (12) Harding Lake Chapel and Lot, 11239 Salcha Dr., Harding Lake, AK

This is a small chapel located near some vacation cabins on Harding Lake that are used by certain families in summer. Visiting priests say Mass at this location occasionally to a handful of Catholic families who vacation at Harding Lake during the summer. CBNA intends to sell the Chapel to a group of the families who own nearby vacation cabins for \$15,000.

- (13) KNOM Radio Station, 107 West Third Street, Nome, AK 99762  
Lots 35A, 37A, 39A, 41A, and 43A of Block 30, according to the official plat recorded on April 2, 1992 as Plat 92-4; Records of the Cape Nome Recording District, Second Judicial District, State of Alaska.

There are five properties associated with KNOM in Nome: (1) Station, Garage, Generator, Cold Storage + Lot; (2) Volunteer house + Lot; (3) South Steadman Lot; (4) West 3rd Ave Lot; and (5) North Steadman (at 3rd Ave) Lot. CBNA scheduled the KNOM real property at a value of \$780,000; however, that was based on an estimate by a banker and not a formal appraisal. CBNA believes that there is no market value to the lot with the Station, Garage, Generator and Cold Storage. This is because the building on the lot was built as a radio station studio, with significant wiring in the walls, no kitchen, and only public style restrooms. Any other user would need to either completely gut the building or raze it and construct a new building. Such a cost would make the building worth almost nothing in Nome's marketplace.

Further, there is no market whatsoever for a radio station in Nome. Indeed, KNOM's competitor in Nome, KICY, which is a commercial radio station, has to supplement its budget by doing salmon barbecue fundraisers at Covenant Churches throughout the lower forty-eight (48) states. The reason for this is that there simply are not enough retailers in the listening area to purchase sufficient advertising. Indeed, as reflected in its historical performance as described in



Exhibit "6", KNOM entirely depends on donations through its "*Static*" newspaper and direct mail appeals in order to survive.

The KNOM real property could have value to a developer willing to demolish the buildings and build new buildings. Under the Third Amended Joint Plan, the KNOM Real Property Center will be sold to the Endowment for \$430,000 in Cash on or before the Effective Date. The proceeds of the sale will be paid to the Fund pursuant to the terms of the Plan. In addition KNOM will contribute \$150,000 of the Cash needed from CBNA to fund the Plan.

(14) Harding Lake Second Tier Vacant Lot PAN #0160121; LOT 50  
US SURVEY 3210

This is a second tier lot located at Harding Lake that is suitable for constructing a vacation cabin. CBNA has been attempting to sell this lot for a number of years, but has so far been unsuccessful. CBNA is contributing Cash to the Fund sufficient to account for whatever value is in this property.

(15) Two Rivers Vacant Lot.

The Two Rivers Vacant Lot was donated to CBNA. Unfortunately, the donors placed significant restrictions on CBNA's ability to sell this property whereby the donors must not only approve the purchaser, but also must approve the purchaser's plans for the property. CBNA has brought what it believed to be three (3) viable offers for the property that have all been rejected by the donors. In light of the unwieldy restrictions on this gift, CBNA intends to return the property to the donors.

(16) Oknagamut raw land remote 23.15 acres

This is a very remote parcel of raw land that has primarily been used by area Native people for subsistence since time immemorial. CBNA presently is in negotiations with a nearby Alaska Native village corporation which is interested in purchasing this parcel to ensure that subsistence uses continue into the future.



(17) Akulurak raw land remote 66.06 acres

This is another very remote parcel of raw land that has primarily been used by area Native people for subsistence since time immemorial. CBNA obtained Court approval to sell this property to Alakanuk Native Corporation, an Alaska Native village corporation, for \$25,000 and the sale closed over the summer. The proceeds of the sale will be used to pay CBNA's funding obligations on the Effective Date.

(18) Pilgrim Springs 320 acres Historic Hot Springs 70 miles northeast of Nome AK.

Pilgrim Hot Springs ("Pilgrim Springs Property") is a verdant 320 acre enclave of fee land owned by CBNA located in western Alaska, about 46 miles (75 km) north of Nome. This property is surrounded by lands controlled by an ANCSA Native Village Corporation, the Mary's Igloo Native Corporation (MINC). The MINC lands, in turn, lie within a very large land swath, some of which is controlled by an ANCSA Native Regional Corporation known as Bering Straits Native Corporation (BSNC). It should be noted that the old village site of Mary's Igloo is approximately seven (7) miles northwest of the Pilgrim Springs Property. The Pilgrim Springs Property access road crosses some lands owned by the MINC, the BSNC and state-selected lands for the State of Alaska.

The Catholic Church's involvement in the region began in the early 1900's with missionary priests ministering to the native people of Old Igloo. In 1918, after a severe influenza epidemic killed more than 1,200 people, the Catholic Church was asked to take in orphans from the Nome area. They built an orphanage, a church, some greenhouses, and assorted other buildings near the original hot springs. The thermal waters were used for the greenhouse, a bath house and the natural hot spring pool. Impressive vegetable crops were also grown on the property. This mission survived until 1941, by which time all the children had grown up. A cemetery used during the orphanage days and subsequent years is located on the property.

In 1969, CBNA entered into a 99 year ground lease with a company called Pilgrim Springs Ltd. ("PS Ltd.") who, it was contemplated, would develop the property so as to generate

substantial royalties in addition to nominal rents. As a result of PS Ltd.'s failure to perform, and its alleged defenses of impossibility and mutual mistake, the Court authorized CBNA to rescind the lease. PS Ltd. and one of its former employees have filed unsecured claims as a result of this rescission. CBNA believes that the Pilgrim Springs Property has substantial development potential as a source of geothermal power in the region, or more limited tourist or agricultural uses. CBNA has already received one offer to purchase the Pilgrim Springs Property from the Bering Straits Native Corporation, though for a lower amount than CBNA believes may be realized under the current development plan for the property.

Geothermal Exploration – The earliest geothermal investigations at Pilgrim Springs included those of U. S. Geological Survey personnel G. Waring in 1917 and T. Miller in 1975. In 1975, R. Forbes of the University of Alaska undertook reconnaissance geological and geophysical studies. Then, in 1979 and 1982, the Geophysical Institute, the Alaska Division of Geological and Geophysical Surveys (ADGGS), and Woodward Clyde Consultants (WCC) mapped the surface and the bedrock, conducted helium, mercury, gravity, seismic refraction, and electrical resistivity surveys, undertook geochemical sampling and analyses, and logged test wells. Their combined findings are summarized below:

- 1979 surface thermal spring discharge was about 67 gpm of alkali-chloride water at a temperature of about 178°F (81°C).
- Preliminary Na-K-Ca geothermometry suggests that a deep underlying geothermal reservoir may be as hot as 302°F (150°C).
- Springs likely located near intersection of two orthogonal fault zones that form a corner of a graben.
- Gravity studies suggest that bedrock is 1,500 feet (458 m) below property.
- Resistivity studies suggest Pilgrim Spring reservoir is pancake shaped and about 160 ft. (50 m) thick over a ~ 0.58 sq. mi. (1.5 sq. km.) thawed area.
- Artesian aquifers were encountered in a 66-100 ft. (20-30m.) depth interval with flow rates estimated at 200 and 300-400 gpm respectively, at a temperature of 194°F (90°C).
- In 1982, 6 new wells produced artesian flows of 30 to 250 gpm with about 6 ft. (1.8 m.) of head. Maximum temperature was 194°F (90°C).

- o The thermal gradient in the two deepest wells was ~4.0°F per 100 ft. suggesting that 302°F (150°C) might be reached at depth of about 4,800 feet (1,463 m.).

Studies did not determine location and nature of the upflow zone or the location, depth, and nature of possible "deep" hot reservoir. These must be determined if the property is going to have potential for development to produce electric power.

Market Comments – Nome currently requires 5 MW power at a cost of approximately \$0.35 per kwh for residential customers. If adequate flows (~1,250 gpm per MWe) of thermal waters at 200°F (93°C) can be obtained from production scale wells at Pilgrim Springs Property, a modern (UTC-type) binary power cycle could be used to generate power. The efficiency of this system would be greatly enhanced by the availability of very cold river water nearby and the low (< 25°F, -3°C) average ambient air temperature. If a deeper, hotter resource is discovered, a more efficient industry standard "ORMAT-type" binary system might be installed. Using a modern (UTC-type) binary power cycle generation, Pilgrim Springs Property could be a viable power supplier. Power transmission to Nome must be considered in determining economic viability.

Bering Straights Regional Native Corporation filed a letter with the Court offering \$900,000 for the Pilgrim Springs Property. As a result of CBNA's ongoing efforts to market and improve the Pilgrim Springs Property, CBNA believes that the value could be as high as \$2.75 million. The Pilgrim Springs Property will be sold pursuant to the Plan at the Pilgrim Springs Auction which will be held on or about February 25, 2010. The opening bid at the Pilgrim Springs Auction will be by the Endowment for the sum of \$1,850,000. Any bids in excess of \$1,850,000 Cash will be considered and the Pilgrim Springs Property will be sold to the highest bidder. If the Pilgrim Springs Property is sold for an amount in excess of \$1,850,000, in addition to \$1,850,000 all excess net proceeds will be paid to the Fund.

b. Personal Property

The following are CBNA's primary items of personal property:

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(1) Cash

As of January 31, 2009, CBNA had approximately \$760,474.64 in Cash and cash equivalents, with \$283,813 associated with the administrative offices, \$468,887.68 associated with KNOM and \$7,773.36 associated with CSF. These balances, especially KNOM's balance, are relatively high because December and January are peak giving seasons.

(2) Investments

As of January 31, 2009, CBNA had approximately \$743,535.53 in investments associated with the Current Fund and the Third Amended Joint Plan Fund. All of these investments are donated funds and grant proceeds that are subject to donor imposed use restriction and, therefore, are classified as temporarily restricted. As CBNA incurs the expenses contemplated by the grants or the donors, the funds will be released to the general fund and the expenses paid out of the general operating account of CBNA. CBNA has improved its management practices with respect to these restricted investment funds by more regularly reconciling the incurred expenses with restricted uses so as to free up more general unrestricted money.

(3) Limited Partnerships

As of January 31, 2009, CBNA had approximately \$261,324.53 in investments associated with its interest in the Alaska Conference of Catholic Bishops which is a 501(c)(3) corporation that provides, among other things, insurance services to the Dioceses of Alaska. The interest is not marketable. CBNA is also a member of CUP II which is not marketable.

(4) Accounts Receivable

As of January 31, 2009, CSF had approximately \$691,429 in tuition receivable. CBNA was also owed accounts receivable of roughly \$75,000. CBNA is also the holder of several small notes secured by mortgages on real property.

(5) Aircraft

CBNA is the owner of a 1965 Cessna 172 prop plane which has been used in missionary work since 1980. CBNA has been attempting to sell this aircraft for several years without success.

CBNA also owns a 1978 Cessna 207A prop plane, which is used to support CBNA's construction and engineering department's work which, in turn, supports the repair, upgrade and building of mission Parish Churches. CBNA intends to retain and continue to use this aircraft. On Schedule B, CBNA estimated that this plane has a value of \$80,000.00.

(6) Claims Against NorthMail, Inc.

KNOM engages in fundraising activities by: (1) appeal campaigns mailed three times each year (spring, fall, and winter) to mailing lists purchased by KNOM for that purpose; and (2) monthly newsletters mailed to current and prior donors obtained through the appeal campaigns. KNOM purchases its appeal mailing lists. Each list has a "shelf life" - a period of time in which a solicitation must be sent so as to realize a maximum return of donations from the appeal. The monthly newsletters, or "*Statics*," also have a shelf life, and must be mailed several weeks apart so as to realize maximum return. KNOM contracted with NorthMail to insert, address, and send its mass-mailed appeals and *Statics*. NorthMail did not mail KNOM's *Statics* to certain zip codes; or mailed them in so defective a manner that they failed to reach the intended recipients. Further, NorthMail did not mail all of the *Statics* prior to the expiration of their "shelf life."

Similarly, NorthMail did not mail the January 2008 appeals to all intended recipients and did not mail all of the January 2008 appeals prior to the expiration of their "shelf life." As a result, KNOM suffered significant damages due to loss of cash flow. KNOM has estimated the loss to be in excess of \$250,000.

(7) Claims for Contribution or Indemnity Against the Oregon Province of Jesuits and Other Religious Orders

Under Alaska law, when there is more than one defendant there is "several liability" only. This means that each pays damages according to his/her own share of fault. Because a defendant only pays for its share of fault, there is no need for a contribution claim on the theory that one cannot be forced to pay more than one's "fair share."

However there is nothing in the "several liability" that precludes an "indemnification" claim. It is possible for a defendant to have liability to a plaintiff and still be entitled to be indemnified for that liability - i.e. CBNA may have liability to the Tort Claimants because of its status as the Fairbanks Diocese which may owe general duties to hire, install and/or supervise priests, but may claim indemnification against the Jesuits or other applicable religious orders because any liability of CBNA was due to the "active" fault of the Jesuits and CBNA did not have any "active" fault beyond the acts and omissions of the Jesuits.

CBNA has indemnification claims against the Jesuits, who provided most of its priests, including most of the perpetrators. Each and every bishop prior to Bishop Kettler was a Jesuit priest and subject to the governance of the Jesuit provincial with respect to Jesuit matters. Moreover, the CBNA bishop did not and does not assign the priests' locations; the Jesuits did. The Jesuits filed for Chapter 11 reorganization on February 17, 2009. CBNA timely filed a proof of claim with respect to its indemnification and other claims against the Jesuits. Under the Third Amended Joint Plan, unless the Jesuits and other religious orders settle CBNA's indemnification claims by contributing substantial funds to the Reorganization Plan so as to become Participating Third Parties under the Third Amended Joint Plan, CBNA will assign its indemnification claims against the Jesuits and religious orders to the Settlement Trustee.

CBNA may also have claims against the Brothers of St. Francis, the Sisters of Saint Ann and certain orders of religious women as well. Under the Third Amended Joint Plan all such Claims will be transferred to the Settlement Trustee.

The Jesuits disagree with the statements, representations, and opinions (collectively, the "Statements") in the Disclosure Statement, which are solely those of CBNA. The Jesuits dispute the accuracy and completeness of certain of the Statements. The Statements in the Disclosure Statement are not binding on the Jesuits and do not constitute findings by the Court. It is the position of the Jesuits that they have reserved all their rights and objections with respect to the Plan, all rights and defenses with respect to the Jesuits' proofs of claim, and all rights, claims, and defenses with respect to any other matter in the Reorganization Case. Similarly, CBNA



reserves all of its rights and objections to any position and objections which may be asserted by the Jesuits.

(8) Claims Against Insurance Companies for Defense and Indemnity

CBNA has claims against its Insurance Companies with respect to the sexual abuse claims filed against it. Specifically, CBNA has claims for defense and indemnity coverage against Catholic Mutual Relief Society of America ("Catholic Mutual"), which provided CBNA primary and excess/umbrella layers of insurance coverage from April 15, 1979 through April 15, 1983, and then "claims made" special excess coverage claims for the policy period of July 1, 1990 through July 1, 2009; claims against Alaska National which provided a primary layer of liability coverage from April 15, 1983 to April 15, 1988; and against Travelers Casualty and Surety Company, formerly known as Aetna Casualty and Surety Company ("Travelers"), which provided primary and excess/umbrella layers of liability coverage from April 15, 1988 through July 1, 1990. As claims alleging tort liability for sexual abuse have been filed against CBNA it has tendered the defense and indemnity claims to its Insurance Companies.

In addition to the foregoing Insurance Companies, CBNA tendered claims alleging sexual abuse in the period between October 1973 and April 15, 1979 to Continental Insurance Company ("Continental"), under the belief that Continental had provided CBNA with liability coverage during that period. Unfortunately, neither CBNA or Continental was able to locate a copy of the policies. Nevertheless, Continental provided to CBNA a defense of the tendered claims but did so under a reservation of rights to deny coverage if the policies terms could not be established or if the claims of sexual abuse were not covered under the policies issued by Continental.

CBNA attempted to gather as much secondary evidence of coverage as possible in order to establish Continental's coverage of the tendered claims. Unsatisfied, Continental filed a declaratory judgment action in the United States District Court for the District of Alaska in 2006 (the "Policies Existence Case"). CBNA and Continental conducted extensive discovery and each fully briefed cross motions for summary judgment on the Policies Existence issue. The action was stayed by the Reorganization Case and was subsequently referred to the Bankruptcy Court.



The Bankruptcy Court heard oral argument on the cross motions for summary judgment on June 30, 2009.

On September 11, 2009, the Bankruptcy Court issued an interlocutory memorandum decision granting summary judgment to Continental in the Policies Existence Case, holding that although CBNA had some evidence that Continental had issued insurance policies to CBNA, there was insufficient evidence as a matter of law, to support the nature of the insurance or the scope and terms of the coverage. As a result of this decision, Continental asserts that it is entitled to extensive damages. CBNA has entered into a settlement of Continental's Claims against CBNA and CBNA's claims against Continental. CBNA is filing a motion to approve the settlement between it and Continental pursuant to 9019 Fed. R. Bankr. P. within days of the filing of this Disclosure Statement.

In addition to the Policies Existence Case, CBNA filed a separate declaratory judgment action against all the Insurance Companies to determine the scope of coverage under the relevant policies, Case No. 08-90019, entitled *Catholic Bishop of Northern Alaska, Plaintiff v. Continental Insurance Company, et al., Defendants* (the "Comprehensive Coverage Action"). As a result the settlement of Continental's claims, Continental will be dismissed from the Comprehensive Coverage Action. The parties have engaged in substantial discovery in the Comprehensive Coverage Action. CBNA's remaining Insurers have responded differently from one another with respect to the tendered claims and the Comprehensive Coverage Action. The response to the tendered claims and the treatment of the Insurance Claims under the Third Amended Joint Plan are described in detail below.

(a) Alaska National Insurance Company

Alaska National has honored its obligations to provide defense and indemnity coverage to CBNA within the terms of its Insurance Policies. Pre-petition, Alaska National authorized CBNA to issue offers of judgment to each remaining plaintiff who had asserted claims against CBNA that Alaska National had acknowledged were covered under its Insurance Policies. Each such claimant accepted the offers of judgment. Post-petition there have been five (5) claims that

Alaska National has agreed implicate its liability coverage. CBNA and Alaska National are in the process of documenting a settlement whereby Alaska National has agreed to pay \$1.4 million to CBNA (which CBNA will use to fund its obligations under the Plan with respect to the Fund and payment of Allowed Administrative Claims), Alaska National will obtain a release from any Claim by CBNA to insurance coverage for any present Tort Claims or Future Tort Claims and Alaska National will become a Settling Insurer under the Plan and will benefit from the proposed Channeling Injunction. The Alaska National settlement will be the subject of a motion under Bankruptcy Rule 9019. when CBNA and Alaska National complete documentation. In that motion CBNA will also sell the Alaska National policies back to Alaska National under 11 U.S.C. § 363. CBNA anticipates that the motion to approve the Alaska National settlement will be heard in conjunction with the Confirmation Hearing.

(b) The Catholic Mutual Relief Society of America

The Catholic Mutual Relief Society of America ("Catholic Mutual") provided CBNA primary and excess/umbrella liability insurance coverage from April 15, 1979 through April 15, 1983 and again from July 1, 1990 through the present, including "claims made" special excess coverage for the period between July 1, 2008 to July 1, 2009. CBNA contends that Catholic Mutual has breached its obligations to CBNA under its policies, and as a result CBNA is relieved of its duty to cooperate with Catholic Mutual and, therefore, for example CBNA may waive its statute of limitations defenses as to Settling Tort Claimants, as applied to Catholic Mutual.

Catholic Mutual has outright denied CBNA any coverage of Post-Abuse Impact claims under the umbrella coverage provided during period from April 15, 1979 through April 15, 1983. Under the subject umbrella coverage certificates, Catholic Mutual agreed that it would indemnify CBNA "for all sums which [CBNA] will be legally obligated to pay as damages, all as more fully defined by the term 'ultimate net loss' on account of:

1. Personal Injuries,
2. Property Damage,
3. Advertising Offense,

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to which this Certificate applies, caused by an occurrence."

Section IV of the Catholic Mutual certificates states that "[t]his certificate applies to personal injury, property damage or advertising offense which occurs anywhere during the certificate period.

The Catholic Mutual Certificates define covered "Personal Injuries" as follows:

## 8. PERSONAL INJURIES

The term "Personal Injuries" whenever used herein means bodily injury, mental injury, mental anguish, shock, sickness, disability, false arrest, false imprisonment, wrongful eviction, detention, malicious prosecution, discrimination, (unless coverage thereof is prohibited by law), humiliation, also libel, slander or defamation of character or invasion of rights of privacy, except that which arises out of any Advertising activities.

(Parenthesis in certificates, underlined emphasis added)

In contrast, the Catholic Mutual primary liability coverage part covers "bodily injury" which takes place during a certificate period, and the certificates define "bodily injury" to mean

bodily injury, sickness or disease sustained by any person which occurs during the certificate period, including death at any time resulting therefrom.

In spite of the broader definition of "Personal Injuries" in its umbrella coverage, to include potential coverage for such "Post-Abuse Impacts" as the "mental injury," "mental anguish," "shock," and/or "humiliation," Catholic Mutual has attempted to equate "Personal Injuries" with the narrower definition of covered "bodily injury" in the primary liability coverage part. CBNA submits that this coverage position, confirmed by Catholic Mutual in coverage position letters to CBNA, and also during the deposition of Ray Miller, Catholic Mutual's Vice President - Claims, reflects an improper effort by Catholic Mutual to retroactively re-write CBNA's umbrella coverage to limit coverage to "bodily injury, sickness or disease," and to delete from CBNA's umbrella coverage the clear statements of potential liability coverage to CBNA for "mental injury," "mental anguish," "shock," and/or "humiliation" alleged to have taken place during the Catholic Mutual

umbrella annual coverage periods of 04/15/79 - 04/15/80, 04/15/80 - 04/15/81, 04/15/81 - 04/15/82 and 04/15/82 - 04/15/83.

Having decided not to limit covered "Personal Injuries" in its standard umbrella coverage form to just "bodily injury, sickness or disease," Catholic Mutual should not be allowed to read out of its umbrella certificates coverage for "mental injury," mental anguish," "shock," and/or "humiliation." There is nothing in Catholic Mutual's definition of "Personal Injuries" in its umbrella Certificate that limits coverage to only the policy period(s) when a claimant was subjected to alleged physical sexually abusive contact with a priest, other religious or any other person. Catholic Mutual chose not to do so. CBNA submits that it is entitled to the broader coverage Catholic Mutual chose to sell to CBNA.

Various of the Tort Claimants who alleged that they suffered physical abuse prior to April 15, 1979, have asserted that they suffered post abuse impacts such as "mental injury," "mental anguish," "shock," and/or "humiliation" during the 1979-1983 coverage periods and, therefore, are covered by Catholic Mutual's umbrella coverage. CBNA further contends that Catholic Mutual is obligated to provide extensive insurance coverage of such post abuse impacts because under the Catholic Mutual Policies there is a \$2 million bodily injury umbrella coverage on a "per occurrence" basis, and there is no "general bodily injury aggregate" for any of the four annual certificate coverage periods beginning on April 15, 1979 through April 15, 1983. On September 28, 2009, CBNA filed a motion for summary judgment in the Comprehensive Coverage Action seeking a declaration of its rights to coverage for Post Abuse Impacts under Catholic Mutual's umbrella policies and that there is no general bodily injury aggregate limit for such injuries. On November 2, 2009 Catholic Mutual filed its response to CBNA's motion for partial summary judgment, and at the same time Catholic Mutual filed a cross-motion for summary judgment on the Post-Abuse Impacts coverage issue. The Court in Adversary No. 09-90019 has scheduled a hearing on January 14, 2010 for CBNA's and Catholic Mutual's cross-motions.

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Further, there are numerous other claims against Catholic Mutual's primary coverage, and several claims applicable to the claims made during the coverage period of July 1, 2008 to July 1, 2009. Catholic Mutual has asserted full reservation of rights with regard to indemnity coverage for these claims and has raised various coverage defenses, all of which CBNA contends are without merit.

(c) Travelers Casualty and Surety Company, formerly known as AETNA

Travelers provided both primary and excess umbrella coverage to CBNA from April 15, 1988 through July 1, 1990. Only three claimants have asserted that they were physically abused during that coverage period. Travelers has agreed to defend CBNA with regard to the three claimants under the Travelers umbrella coverage, but under a full reservation of rights to withdraw the reference and to deny indemnity coverage to CBNA for the three claimants. Travelers has completely denied umbrella coverage to CBNA for all Post-Abuse Impacts Claimants. Like Catholic Mutual, Travelers has raised various coverage defenses, all of which CBNA contends are without merit. It is CBNA's position that the Travelers umbrella Insurance Policies include an annual \$5 million aggregate coverage limit, and thus Travelers' maximum exposure under its umbrella coverage Insurance Policies is \$15 million. Travelers has asserted that there are only two \$5,000,000 aggregate coverage limits, so that Travelers' maximum exposure under its umbrella coverage is \$10 million.

On October 9, 2009, Travelers filed a motion for summary judgment in the Comprehensive Coverage Action seeking a declaration that its umbrella policies do not cover Post Abuse Impacts and that the only claims potentially covered under Travelers' umbrella coverage are the three claims alleging that physical abuse took place during the umbrella policy period of April 15, 1988 to April 15, 1989. On November 9, 2009 CBNA filed a response to Travelers' motion and a cross-motion for summary judgment seeking a declaration that Travelers' umbrella policies cover Post Abuse Impacts. The Court in Adversary No. 08-090019 has scheduled a hearing on January 14, 2010 for Travelers' and CBNA's cross motions.

(d) Assignment to Settlement Trustee

Under the Third Amended Joint Plan, CBNA will assign its claims against Catholic Mutual and Travelers to the Settlement Trustee. As described below, each Tort Claimant will be deemed to have assigned his or her Allowed Tort Claim to the Settlement Trustee so that the Claims for indemnity against Catholic Mutual and Travelers will be subject to covenant settlements, under such authority as *Great Divide Insurance Co. v. Carpenter*, 79 P.3d 599 (Alaska 2003).

Pursuant to the Third Amended Joint Plan, each Tort Claimant will be deemed to have assigned his or her Allowed Tort Claim to the Settlement Trustee (the "Assigned Allowed Tort Claim") regardless of whether such Tort Claimant votes on the Third Amended Joint Plan or votes to reject the Third Amended Joint Plan (so long as the Third Amended Joint Plan is confirmed and the Effective Date occurs). As a result of such assignment, the Settlement Trustee will succeed to all rights of the Tort Claimants against the Debtor and any Great Divide Candidate Insurer; provided, however, that any recoveries to the Settlement Trustee or any Tort Claimant with an Allowed Tort Claim against the Debtor or the Reorganized Debtor will be limited to and by the Fund, the terms of the Third Amended Joint Plan and the discharge received by the Debtor pursuant to the Third Amended Joint Plan and applicable provisions of the Bankruptcy Code. In addition, on the Effective Date, the Debtor will assign all of its rights against any Great Divide Candidate Insurer. The Settlement Trustee will also be substituted as the Plaintiff for CBNA in the Comprehensive Coverage Action and the Settlement Trustee, not CBNA, will have the right and obligation to prosecute any and all other actions against Great Divide Candidate Insurers. The proceeds of any recoveries from judgments against or settlements with any Great Divide Candidate Insurers will be paid to Settlement Trustee to be held and administered in accordance with the Third Amended Joint Plan.

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(9) Jesuit Safeco Insurance Policies Claims

CBNA is informed and believes that Safeco Insurance or one of its subsidiary or related insurance companies issues indemnity insurance to the Jesuits ("Safeco"). Because of the pervasive control of CBNA and the Fairbanks Diocese by the Jesuits and the various contractual relationships between the Jesuits, on the one hand, and the Fairbanks Diocese and/or CBNA on the other hand, CBNA believes that it may have direct claims against Safeco or any indemnity insurance policies issued by Safeco to the Jesuits. In addition, CBNA is informed and believes that the Jesuits released all indemnity insurance coverage from Safeco when it settled with certain of the Tort Claimants in 2008. CBNA was not a party to the settlement with the Tort Claimants nor was it a party to any agreements with Safeco. Accordingly, CBNA is not bound by any of the agreements between CBNA and Safeco. CBNA has informally requested copies of the Safeco indemnity or other insurance policies and the agreement between the Jesuits and Safeco; however, to date, the Jesuits have not produced those documents.

**2. Liabilities**

a. Great Falls Secured Claims

The Diocese of Great Falls-Billings, Montana loaned money to CBNA under the post-petition debtor-in-possession financing arrangement in the amount of \$1,000,000 at seven percent (7%) interest payable over a twenty (20) year term and was granted a super-priority claim and a first priority lien on (1) fourteen and one-half (14.5) acres of raw land next to the Chancery in Fairbanks described in Section E.1.a(1) above; and (2) the Jesuit Residence, described in Section E.1.a(7) above. No payments are due under the loan until the Court confirms a plan of reorganization in the Reorganization Case.

b. Annuity Secured Claims

Certain individual persons have claims for charitable gift Annuities purchased by them from CBNA under a gift and bequest program. Various donors made charitable gift annuities in exchange for which such donors are receiving certain fixed payments during their lives or the



lives of another person, the payments for which were fixed at the date of the gift based on actuarial tables of the donor's life expectancy and uniform gift annuity rates. Upon the individual's passing, the remainder of the gift becomes the property of CBNA. Because of the unknown nature of future mortality, CBNA is unable to precisely estimate the amounts it owed under the charitable gift Annuities; however, as of the Petition Date, it believed it had approximately \$202,751.31 in such liability, secured by the property given to CBNA by the gifting individual.

c. Lease Related Claims & Pilgrim Springs Claims

CBNA filed a motion to assume its leases with (1) the State of Alaska, Department of Transportation and Public Facilities for use of the aircraft hangar and land described in Section F.1.a(6), and (2) Ciunerkiurvik Corporation for use of a dormitory, offices and storage space in the village of St. Mary's, Alaska. The Hangar lease runs through May 31, 2040 and requires CBNA as lessee to make annual rental payments of \$1,735.20 each. The St. Mary's lease runs through 2011 and requires CBNA to make semi-annual rental payments of \$68,817.60 on January 1 and July 1 of each year.

In regard to the Pilgrim Springs lease which was rescinded by CBNA, as landlord, following breach of the lease by the lessee, two Proofs of Claim were filed. The first, filed by PS Ltd. in the amount of \$2,875,000.50, alleges damages related to the rescission of the lease. The second was filed by Louis and Nancy Green, employees of PS Ltd. (the "Green Claim"). The Green Claim alleges \$263,143 in damages representing purported lost wages that they allege Pilgrim Springs would have paid to them had the lease not been rescinded. The Greens subsequently withdrew the Green Claim. The Greens recently filed an action in the Alaska Superior Court for quiet title alleging that they have succeeded to the property by adverse possession (the "Quiet Title Action"). The Quiet Title Action was brought in violation of the automatic stay of Bankruptcy Code §362. CBNA served written demand on the Greens to immediately dismiss the Quiet Title Action. The Greens have refused to dismiss the Quiet Title Action, and CBNA will file appropriate motions in the Bankruptcy Court and seek appropriate

sanctions for the Greens wilfull violation of the automatic stay. In addition, the Greens' claims have no merit because they were never in adverse possession of the Pilgrim Springs Property. Furthermore, CBNA disputes the validity of each of these Pilgrim Springs Claims and will file an objection to them, in addition to exercising and asserting its Pilgrim Springs Setoff Claims.

d. Employee Benefit Claims and Tax Claims

On March 5, 2008, the Court granted CBNA's motion to honor its employee benefit plans with the caveat that CBNA could not cash out any accrued benefits save under a Plan of Reorganization. As of the Petition Date, CBNA believes it owed employee benefits in the approximate amount of \$346,006.80, of which amount \$224,422.56 is entitled to priority treatment. In addition to these Claims, certain employees of Parishes subsidized by CBNA may also assert General Unsecured Claims against CBNA based on accrued benefits owed to their employees.

The Internal Revenue Service also filed a Proof of Claim in the amount of \$1,131.18. The Claim appears to be for a post-petition tax penalty for prepetition taxes that were paid after the Petition Date pursuant to order of the Bankruptcy Court. CBNA will investigate this Claim to determine whether an objection should be filed.

e. Trade Debt

CBNA, as an operating religious non-profit, has incurred certain trade debt. As of April 23, 2008 (the date of filing its Amended Schedule F), CBNA believes that it, along with CSF and KNOM, had approximately \$94,126.26 in trade debt. Additionally, CBNA believes that First National Bank of Alaska holds a General Unsecured Claim against CBNA in the approximate amount of \$16,278.73; however, First National Bank filed a Proof of Claim in the Reorganization Case in the amount of \$18,520.90. To the extent the Claim includes debt incurred and paid post-petition, CBNA will object to this Claim. Other trade creditors have filed Claims that were not scheduled by CBNA. CBNA is investigating these Claims to determine whether an objection should be filed. These include a Proof of Claim filed by Gear Athletics,

L.L.C. in relation to CSF in the amount of \$1,317.99, and a Proof of Claim filed by Alpenglow, Inc., in the amount of \$959.50, also in relation to CSF.

f. Tort Claims and Future Tort Claims

As is discussed in detail below, CBNA is a party to a number of lawsuits or other Claims wherein the Claimants allege that they were abused by clergy or others associated with CBNA. These Claimants, whether or not they had filed a lawsuit against CBNA prior to the Petition Date are referred to in the Third Amended Joint Plan as Tort Claimants. The Tort Claimants assert, among other things, that CBNA is liable because it failed to properly hire, install and/or supervise these individuals. CBNA has denied these allegations and, to the extent that lawsuits were filed prepetition, has been defending those suits. In addition to the Claims that were known on the Petition Date, one hundred sixty-five (165) individuals filed Proofs of Claim (collectively the "Present Tort Claims"). CBNA further believes that there may be other potential Tort Claimants for whom the statute of limitations applicable to Tort Claims had not occurred before November 2, 2008 ("Future Tort Claims").

The Court appointed Michael Murphy to represent the legal interests of the Future Tort Claimants (the "Future Claims Representative") at the joint request of CBNA and the Committee. The Future Claims Representative filed a contingent, unliquidated Proof of Claim on April 2, 2009.

Pursuant to the Third Amended Joint Plan, the Committee and CBNA, with the concurrence of the attorneys who represent most of the Tort Claimants, resolved CBNA's liability and that resolution is now embodied in the Third Amended Joint Plan.

g. Insurance Related Claims

As part of the Policies Existence Case, Continental asserted that because it had incurred costs defending CBNA under a reservation of rights, it had a substantial Claim against CBNA for reimbursement of such costs in the event that the Court determined that Continental had no duty to defend or indemnify CBNA. Continental filed a Proof of Claim for these damages prior to the

hearing on the Disclosure Statement conducted on June 18, 2009. CBNA objected to the Proof of Claim.

As a result of having been granted summary judgment in the Policies Existence Case that there is not sufficient secondary evidence of the terms of the policies that CBNA purchased from Continental in order to establish coverage of the Tort Claims, the Court scheduled trial on whether Continental was entitled to reimbursement of defense costs for Friday, October 16, 2009. Continental also asserted a right to attorney's fees and costs from the Policies Existence Case and the Comprehensive Coverage action. CBNA intended to appeal the final judgment in the Policies Existence Case. However, in the days leading up to the October 16, 2009 damages trial, CBNA and Continental agreed in principal to a settlement that will result in a \$1,200,000 Allowed Claim in favor of Continental, but which also provided for an agreed plan treatment allowing CBNA to pay Continental \$75,000 in four (4) annual installments with no interest (the "Continental Claim Payment"). Continental is assigning its rights to the Continental Claim Payment to the Fund and Continental will thereby become a Participating Third Party under the Plan. In accordance with the agreement between the Committee and CBNA, the lump sum of \$75,000 is included in the amount to be paid to the Fund on or about the Effective Date and CBNA will have no obligations to pay the four (4) annual installments discussed above. In addition, as part of the settlement, CBNA will not appeal any final verdict on CBNA's claims against Continental.

The settlement with Continental is being incorporated into a settlement agreement and a Bankruptcy Rule 9019 motion that will be heard at or prior to the Confirmation Hearing.

Additionally, CBNA's Insurance Companies have failed to pay the full amount of their portion of certain legal fees incurred in the Tort Claim litigation proceedings. Therefore, the law firm of Cook Schuhmann & Groseclose, Inc., CBNA's Special Litigation Counsel appointed under Bankruptcy Code §327(e) filed a Contingent Claim against CBNA in the amount of \$389,123.19, the amount owed by CBNA's Insurance Companies for the defense of CBNA in the Tort Claim litigation proceedings. Based on information and belief, the Groseclose firm is in

fact owed approximately \$191,000 on unpaid insurance reimbursement claims. The Groseclose firm's prepetition claim, if and when Allowed, will be treated as a general unsecured claim.

h. Society of Jesus, Oregon Province ("Jesuits")

CBNA also has liability under a Promissory Note given to the Jesuits in consideration for the purchase of the Bishop's residence in Fairbanks. As of the Petition Date, the amount of the claim was approximately \$217,081.51.

Based on Proofs of Claim filed in the Reorganization Case, CBNA believes the Jesuits assert contingent and unliquidated Claims against CBNA for insurance coverage, allocation of fault, or other indemnification.

i. Parish Claims

As described above, certain of the subsidized Parish Communities may hold contingent, unliquidated Claims against CBNA for certain employee benefits. The Parish Churches may also hold contingent, unliquidated Claims against CBNA for future indemnification or contribution related to the Tort Claims; however, at this time, no Parish Church has filed a Proof of Claim. Moreover, any such Claims for indemnification, contribution or allocation of fault will be settled and released pursuant to the Parish Settlement Agreement.

V.

**SIGNIFICANT EVENTS PRIOR TO THE REORGANIZATION CASE**

**A. Clarification of Fiduciary Relationships**

As is discussed extensively above, CBNA has always served in the capacity of a trustee holding the legal but not the beneficial interest in certain property belonging to the Parishes and others. As CBNA became aware of decisions in the Portland Archdiocese and Spokane Diocese reorganization cases, it became clear that unnecessary confusion and litigation about the CBNA-Parish Church trustee-beneficiary relationships could arise with respect to these longstanding trustee-beneficiary relationships under the corporation sole statutes. Indeed, in the Davenport Diocese's reorganization case where, like the diocese where Bishop Kettler served as a pastor, the parishes are separately incorporated and directly hold title to their land, the controversy over

parish property that was so time consuming and costly was completely avoided. As fiduciaries, Bishop Kettler and CBNA believed it to be important to try to avoid any confusion about property that CBNA held as a trustee for the Parishes in the geographic territory of the Fairbanks Diocese.

On April 2, 2007, Bishop Kettler executed amended and restated Articles of Incorporation for CBNA to make clear the long-standing pre-existing trust relationship between CBNA and the Parishes with respect to property ownership. Further, each Parish recorded a "notice of beneficial interest" to further give notice of the trust relationship.

**B. Creation of the Catholic Trust of Northern Alaska**

In carrying out the oversight responsibilities of the Bishop, it has long been the policy of the Fairbanks Diocese that excess deposits of Parish Churches should be pooled for investment and management purposes. This allows the Parish Churches to obtain a greater return than they would be able to get if they separately invested their funds and also allows for more professional management of the funds. Historically, the Parish Churches' funds that were sent to CBNA as custodian and manager were deposited and invested through an investment portfolio account that was segregated from other funds held and administered by CBNA. Also, the Parish Churches and other related entities, such as FCA who participated in the program, were guaranteed a certain rate of return on their investments. The excess earnings were held in reserve in order to ensure that in times when the investments did not generate the guaranteed rate of return, there would be funds to cover the return to be paid. However, any funds in excess of the guaranteed return and not needed for reserves were to be paid to CBNA. Over the years, that reserve had built up to approximately \$1,294,629.55 as of June 30, 2006.

Approximately two (2) years ago, Bishop Kettler requested that CBNA, the Finance Council of the Fairbanks Diocese and Parish administration explore whether there was another mechanism for investment of their excess funds that might better serve the Parishes. As a result, the Catholic Trust of Northern Alaska ("CTNA") was formed with George R. Elliott Jr., James Haselberger, Frederick A. Villa, Fr. Ross Tozzi, Harold Esmailka, Norman E. Schmidt and



Bishop Kettler, as Trustees. Each Parish with deposits signed Settlor Statements, among other things, agreeing to the terms of the CTNA and instructing CBNA to transfer of the investments from the Parish deposit accounts to CTNA. This work was completed in October 2007, even though the establishment of the CTNA and discussion regarding the manner in which the CTNA would operate, were ongoing since sometime in 2005. As both Bishop Kettler and finance director Deacon Bowder have testified, the establishment of the CTNA was simply to provide a better way for the Parish Churches' funds to be invested and managed.

None of the reserves were transferred to the CTNA, but instead were paid to and used by CBNA. CBNA provides administrative assistance to the Trustees for which it will receive a fee of approximately \$7,500 to \$10,000 annually. As discussed above, the Committee filed the Avoidance Action Adversary Proceeding seeking to avoid the initial transfer of funds to the CTNA as a fraudulent transfer under 11 U.S.C. § 544 or 548 or as preference under 11 U.S.C. § 547; however, as a result of the agreements embodied in the Third Amended Joint Plan, the Avoidance Action Adversary Proceeding will be dismissed with prejudice on or before the Effective Date.

**C. CBNA's and the Fairbanks Diocese's Response to the Sexual Abuse Crisis**

Immediately after the survivors of sexual abuse began to come forward in the Fall of 2002, CBNA and the Fairbanks Diocese, under Bishop Kettler's leadership, started working and have continued to work uncompromisingly to provide a safe environment in the programs, Parishes and missions throughout the geographic territory of the Fairbanks Diocese.

The United States Conference of Catholic Bishops adopted the "Charter for the Protection of Children and Young People" in June 2002 at its meeting in Dallas (the "Charter"). As part of the Charter, the Office of Child and Youth Protection ("OCYP") was established and is responsible for assisting dioceses in implementing the Charter and ensuring the consistent application of guidelines and procedures to prevent sexual abuse of minors and properly deal with allegations of misconduct.



In accordance with the Charter, all clergy and staff, along with volunteers working with children, youth, and vulnerable adults, undergo criminal background checks. Training in the recognition and prevention of child sexual abuse is provided to children, youth, parents, volunteers, staff and clergy. In addition, clergy and staff receive additional training in ministerial misconduct and maintaining healthy boundaries. These are critical programs which must continue to be funded and must be maintained, so that what happened decades ago cannot be allowed to happen again.

CBNA maintains a Victim's Assistance Coordinator to assist anyone who has been abused. Any current reports of abuse are promptly reported to civil law enforcement agencies. Past reports along with abuse policies are reviewed by the Child Protection Team, which is comprised of community members.

In order to measure how effectively each diocese adheres to the Charter, the OCYP developed and manages an appropriate compliance audit mechanism which is conducted by the Gavin Group, Inc., (the "Gavin Group"), an independent consulting firm founded by a retired FBI official. The implementation of Diocesan abuse prevention programs has been audited annually by the Gavin Group. CBNA is in full compliance with the norms of the Charter and has received commendations for its efforts.

**D. The Alaska Clergy Abuse Litigation**

Beginning in 2003, the first in a series of cases were filed against CBNA alleging sexual abuse committed by priests and other workers in the Roman Catholic Church in Alaska (the "Alaska Clergy Abuse Cases"). These cases have resulted in claims by approximately 150 plaintiffs. The number of plaintiffs has, from time to time, fluctuated because of settlements and dismissals.

For each of the Alaska Clergy Abuse Cases containing allegations of abuse between October 1973 and April 15, 1979, CBNA tendered defense of the claims to Continental, which CBNA believed was CBNA's primary insurer during that time period. Continental provided defense in these cases under a reservation of rights. However, on January 19, 2006, Continental

filed a complaint in the District Court initiating the Policies Existence Case to obtain a judicial declaration that CBNA could not offer satisfactory evidence of the issuance of various liability policies by Continental to CBNA for any policy periods from October 1973 to April 15, 1979, and to be awarded a money judgment against CBNA equal to the defense costs already advanced under a reservation of rights. As of the Petition Date, there were cross motions for summary judgment by Continental and CBNA pending before the District Court with regard to the existence of the policies CBNA contends were issued to it by Continental. The outcome and resolution of the Policies Existence Case is addressed in Section IV(1)(b)(8) above.

The Alaska State Court ordered CBNA, the plaintiffs in the Alaska Clergy Abuse Cases, as well as other co-defendants, to participate in a mediation conducted by Judge Bettinelli. Unfortunately, the parties were unable to settle the Alaska Clergy Abuse Cases. However, following the mediations, CBNA made several offers of judgment on cases implicating Alaska National, which were accepted by the plaintiffs.

In November 2007, the Jesuits, a co-defendant with CBNA in the Alaska Clergy Abuse Cases and the religious order that historically supplied all of the religious workers in the Fairbanks Diocese, including every predecessor of the current Bishop, entered into a global settlement of the sexual abuse claims against the Jesuits for an aggregate amount of \$50 million. CBNA was not a part of that settlement.

In view of CBNA's limited resources, the parties' failure to resolve the pending cases outside of bankruptcy, and CBNA's desire to fairly compensate the survivors of sexual abuse, CBNA filed the Reorganization Case on March 1, 2008.

## **VI.**

### **SIGNIFICANT EVENTS IN CHAPTER 11**

The significant events that have occurred since the Petition Date are summarized as follows:

#### **A. First Day Motions**

The Court granted CBNA's "first day" motions and entered orders:

(1) Approving adequate assurance of payment to utility companies pursuant to 11 U.S.C. § 366 and prohibiting utility service providers from altering, refusing or discontinuing services;

(2) Authorizing CBNA to continue to honor certain employee benefit plans, including those for vacation and sick pay, to retain CBNA's current employees;

(3) Authorizing CBNA to file portions of Schedule F, the Master Mailing List, and other pleadings and documents under seal;

(4) Establishing an official service list and limiting notice;

(5) Authorizing CBNA to continue its current bank accounts and current cash management system in order to avoid disruption in CBNA's business and conserve estate assets; and

(6) Granting various relief pertaining to employment and compensation of professionals (described in detail *infra*, Section VI "B").

**B. Employment of Bankruptcy Professionals**

CBNA filed applications to employ certain professionals to assist it with the Reorganization case. The Bankruptcy Court has entered orders approving the employment of the following professionals by CBNA:

- The law firm of Quarles & Brady, LLP;
- The law firm of Dorsey & Whitney, LLP;
- The law firm of Cook, Schuhmann & Groseclose, Inc.;
- The accounting and financial consulting firm of Keegan, Linscott & Kenon, P.C.;
- The aircraft brokerage Northern Aircraft, Inc.;
- The real estate firm of Robert Fox Realty, L.L.C.; and
- The geothermal consultant Gerald W. Hutterer of the firm of Geothermal Management Company, Inc.

The United States Trustee appointed the Committee which has also filed applications to

employ professionals. The Bankruptcy Court has entered orders approving the employment of the following professionals by the Committee:

- The financial consulting firm of J.H. Cohn;
- The law firm of Manly & Stewart, LLP;
- The firm of Morrow & Hensel Consulting;
- The law firm of David H. Bundy, P.C.; and
- The law firm of Pachulski Stang Ziehl & Jones, LLP.

CBNA and the Committee jointly moved to employ the individual Future Claims Representative, Michael Murphy, and his firm, Alix Partners, L.L.C., which employment was approved by the Court.

On CBNA's application, the Court also entered an order establishing a procedure for allowance and payment of professionals on a monthly basis during the course of the Reorganization Case. However, because of the financial circumstances of CBNA, professionals have not been receiving payment on a monthly basis.

**C. Establishment of Bar Date and Procedures Related to Filing Claims Under Seal**

Because of the sensitive nature of the Tort Claims, CBNA filed a motion on the Petition Date, which the Court granted, to allow filing of certain portions of Schedule F and the Master Mailing List under seal. All Proofs of Claim forms of Tort Claimants have similarly been filed under seal. CBNA has worked closely with the United States Trustee and the Committee to establish practices that ensure the confidentiality of the Tort Claimants' personal identifying information, while at the same time preserving the Claimants' right to appear and be heard.

The Court set December 2, 2008, as the date by which all claims against CBNA were to be filed. This date was extended to April 2, 2009 as to the Future Claims Representative. The Court also approved the form of notice, the Claim form to be used by Tort Claimants, and the manner in which CBNA proposed to publish, and did publish, notice and advertise in various state and national printed publications and other media.

**D. Construction Motion**

On March 28, 2008, CBNA filed an "Emergency Motion to Use Restricted and Unrestricted Funds for Certain Construction Projects," which the Court granted over the Committee's objection following an evidentiary hearing. Through the motion, CBNA sought permission to complete various projects that had begun pre-petition. These included: (1) repairing fire damage to St. Michael Parish church in McGrath; (2) installing a water treatment system in Kalskag; (3) constructing a new church to replace an old, unsafe structure in Scammon Bay; and (4) adding an emergency exit and small private room to the church in Kotlik. The Committee stipulated to allow the fire repairs in McGrath, and the Court granted the remainder of the disputed relief over the Committee's objection. Recognizing the importance that donated funds be used by CBNA in accordance with the donors' intent, and the important role that CBNA plays in rural Alaskan villages through projects such as these, the Court held that the construction projects were within the ordinary course of CBNA's charitable religious operations.

**E. Insurance and Tort Litigation**

The Court granted a motion for limited stay relief on June 27, 2008 to allow the District Court to hear oral argument on pending cross-motions for summary judgment in the Policies Existence Case. That case was referred to the Bankruptcy Court approximately two weeks later and was currently pending as Adversary No. 08-90033. Oral argument on the cross motions for summary judgment was heard on June 30, 2009. The Court issued its summary judgment decision in favor of Continental on September 11, 2009. Pursuant to the settlement discussed in Section IV(1)(b)(8) above, CBNA will not appeal the ruling of the Bankruptcy Court in the Policies Existence Case.

On April 24, 2008, CBNA filed the Comprehensive Coverage Action, seeking, among other things, a determination as to the existence and extent of its insurance coverage. A motion to withdraw the reference was filed, but the case will remain in the Bankruptcy Court through the completion of pre-trial proceedings, which will last at least through the first half of 2010. On March 25, 2009, the Court denied the Committee permission to intervene as a plaintiff in the

Comprehensive Coverage Action. There has been extensive discovery conducted in the Comprehensive Coverage Action, and on October 2, 2009 CBNA filed a Motion for Summary Judgment contending that: Catholic Mutual Insurance Company has breached its policy with CBNA, and that under the terms of Catholic Mutual's umbrella second level coverage during the period between April 15, 1979 and April 15, 1983, mental anguish, shock and humiliation experienced by Tort Claimants during the policy period is covered, even if the physical abuse occurred before the policy period. On October 9, 2009, Travelers filed a motion for summary judgment seeking a finding that its coverage only extends to potentially three (3) claimants that allege that they were abused during their coverage period. On November 9, 2009, CBNA filed in response in opposition to Travelers' motion and CBNA also filed a cross-motion for summary judgment against Travelers on the "Post-Abuse Impact" coverage issue.

With respect to the Comprehensive Coverage Action, the Bankruptcy Court issued a "Report and Recommendation Regarding the Defendant's Motion to Withdraw the Reference" on September 16, 2008 (the "Report"). A copy of this Report is attached hereto as Exhibit "8."

The Committee, certain Tort Claimants, and CBNA twice stipulated to extend the deadline for CBNA to remove certain actions filed by Tort Claimants in state court to the Bankruptcy Court, which relief the Court granted although, pursuant to Bankruptcy Rule 9027(a)(2)(B), the time for CBNA to remove has not yet begun.<sup>11</sup> Therefore, CBNA still has the option of removing the Alaska Clergy Abuse Cases to the Bankruptcy Court although in light of the resolution with the Committee and fact that the Third Amended Joint Plan is being proposed jointly by the Committee and the Debtor, CBNA does not believe that any such removal will occur.

**F. Post-Petition Financing**

CBNA negotiated an agreement with Great Falls, to provide interim debtor-in-possession financing in the amount of \$1,000,000, which was approved by the Court by final order entered

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<sup>11</sup> The Stipulation specifically acknowledged that this time period had not yet begun.



December 12, 2008. Great Falls was granted a super-priority administrative claim in exchange for such financing, as described in Section F.2.a. The loan was used to pay certain administrative costs associated with the Reorganization Case, among other things.

**G. The Standing Motion and Related Proceedings**

On January 23, 2009, the Committee filed a motion for the Court to grant it standing to prosecute various Claims on behalf of CBNA, which, if such Claims existed, would be property of the estate (the "Standing Motion"). CBNA believed these claims were unsustainable and that the resources of the Estate were better used to compensate the Tort Claimants rather than to incur the administrative expenses necessary to pursue Claims that will ultimately be unsuccessful. The Committee disagreed. CBNA and the Committee attempted to mediate these issues in October, 2008, but were unsuccessful.

In the course of reviewing the Standing Motion, CBNA discovered that state court litigation counsel had violated the automatic stay. On February 11, 2009, at CBNA's request, the Court issued an Order to Show Cause why state court litigation counsel should not be sanctioned for the stay violation. Counsel responded in opposition to the Order to Show Cause and the matter was taken under advisement following an evidentiary hearing. The Court issued its Memorandum Decision and Order on the matter on April 16, 2009. The Court held that the stay had been violated and, in addition to imposing monetary sanctions, among other things, ordered the Committee to file an amended Standing Motion. Ultimately the Committee filed an amended Standing Motion and, on September 11, 2009, the Court denied the amended Standing Motion as to all of the claims except for the avoidance action against CTNA. As previously stated, all Claims with respect to the avoidance and other actions are being settled pursuant to the Third Amended Joint Plan and the Parish Settlement (which includes CTNA) and the Monroe Foundation Settlement.

**H. Other Property of the Estate**

The Court granted CBNA's motion to sell an aircraft and certain remote real property in western Alaska, under which CBNA was able to realize significant value for the Estate. The

Court also granted CBNA's application to employ Robert Fox Realty, L.L.C. to market certain of CBNA's real property that has not yet been sold.

The Court also granted CBNA's stipulated application to extend time for it to assume or reject executory contracts and unexpired leases.

In December, 2008, the Court approved CBNA's rescission of a lease of its property known as Kruzgamepa Hot Springs Ranch or Pilgrim Hot Springs. CBNA had entered into the Lease in 1969, under which the tenant agreed to develop a resort or other business enterprise at the hot springs, to develop the geothermal potential of the property, to develop the oil and gas potential of the property, and to remit a percentage of the proceeds of these operations to CBNA. The tenant defaulted under the lease by failing to develop the property and even to maintain the structures already existing on the property. The tenant asserted, among other things, impossibility of performance which resulted in recession of the lease. CBNA intends to sell the property, for which purpose it has retained a geothermal consultant. Additionally, the Alaska Center for Energy and Power, based at the University of Alaska at Fairbanks, is currently conducting research regarding the property's potential at no expense to CBNA. CBNA also brought a motion for turnover after the former tenant refused to vacate the property and the motion was granted.

Upon learning of CBNA's plans to sell Pilgrim Hot Springs, three parties filed objections to CBNA's Disclosure Statement: (1) Louis and Nancy Green; (2) Nancy McGuire, President of Friends of Pilgrim Springs, and (3) GNL Exploration. The parties objected to sale of Pilgrim Hot Springs because, among other things, of the alleged presence of a cemetery on the property. The objecting parties also asserted various other theories regarding the salability of the Pilgrim Spring Property not supported by evidence, such as difficulties with ingress and egress and concerns about the chain of title to the property. These objections were, in substance, objections to the sale of Pilgrim Hot Springs itself, and not proper objections to the Disclosure Statement; therefore, they were overruled by the Court at a hearing on December 4, 2009.

**I. Recession Affects CBNA Income and Budgets**

CBNA has been affected by the global economic downturn the same as so many others. Specifically, as a result of the unprecedented fall in the equities markets (for example, the S&P 500 fifty-seven percent (57%) drop from its October 2007 peak), the market value of the Endowment investments had fallen thirty-two percent (32%) from their Petition Date values. Accordingly, a source of funds on which CBNA would have ordinarily relied became unavailable. CBNA's other investments have similarly suffered, and it has not realized donations at the rate it ordinarily would, as many of its donors have suffered similar economic distress. Moreover, other capital reserves had been depleted prior to the Petition Date and after, primarily to pay professional fees for defense of the State Court Actions and with respect to the Reorganization Case. As a result, CBNA has been forced to rely more heavily on bequest income for basic operations. Unfortunately, bequest income is less predictable than standard Alaskan Shepherd donations. These unforeseeable decreases in income have adversely affected CBNA's ordinary operating budgets.

While CBNA's operations have always been lean, CBNA took unprecedented measures to slash its budgets to respond to these challenges as described in detail in Section IV(D) above. In addition to the steps taken by CBNA to deal with operational issues in light of its decreasing cash flow that is described in Section IV(D) above, CBNA eliminated the matched retirement contribution benefit previously offered to its employees. As previously stated, these steps will result in approximately \$400,000 per year of savings on payroll expenses. Even with these drastic stop-loss measures, the very existence of CBNA was in danger.

Fortunately, the Endowment has regained much of the value that it lost over the winter and spring. No one can foresee how long the current national economic crisis will persist, or whether it will worsen before it improves. These severe economic problems caused CBNA to reconsider a plan based on major debt service obligations.

**J. Mediations and Settlement Negotiations**

As part of its ongoing efforts to present a consensual resolution of the Reorganization Case and facilitate confirmation of a plan of reorganization that could be supported by all significant creditor constituencies, CBNA engaged in ongoing mediations with parties essential to its Third Amended Joint Plan. CBNA, the Committee and counsel for certain Tort Claimants engaged in several days of mediation in October 2008 ("October Mediations") regarding the extent of Estate property. The October Mediations were conducted by Judge Bettinelli. Unfortunately those negotiations proved unsuccessful. The parties concluded that until the Claims Bar Date passed on December 2, 2008 and the Insurance Companies could be brought to the table, no productive mediations could take place.

Accordingly, the parties and the Court scheduled mediation secessions to be conducted by the Hon. Frank L. Kurtz, United States Bankruptcy Judge for the Eastern District of Washington, and Judge Bettinelli beginning in Seattle, Washington on April 20-23, 2009 ("April Comprehensive Mediations"). CBNA filed its initial Plan of Reorganization and Disclosure Statement in order to set forth a starting place proposal for these comprehensive negotiations. Regrettably the parties were unable to resolve the issues. The results of the latest mediation which resulted in the Third Amended Joint Plan are discussed in Section M below.

**K. Stay Relief Proceedings.**

On September 14, 2009, eight (8) Tort Claimants filed a limited motion for relief from the automatic stay in order to release their eight claims for trial solely for purposes of conducting a jury trial in order to determine the value of their Tort Claims. The Debtor objected. The moving Tort Claimants responded as did Travelers. The Committee joined in the moving Tort Claimants' response. The Court heard argument on the motion on October 28, 2009, and took the matter under advisement. It is expected that if the Third Amended Joint Plan is approved, there will not be a need for the Court to rule on the lift stay motion.

**L. Plan & Disclosure Statement**

The Court granted CBNA's two stipulated motions to extend its exclusive period in which

to file its plan of reorganization, to allow CBNA further time to try to come to an agreement with the Committee as to a plan of reorganization. CBNA had presented a detailed term sheet to the Committee in the early stages of the Reorganization Case in the hope that the parties could agree to a plan. CBNA timely filed the First Amended Plan prior to expiration of the exclusivity deadline of March 31, 2009. CBNA's exclusivity, therefore, was automatically extended through June 15, 2009 during which period CBNA may exclusively solicit acceptance of a plan. The Debtor sought a further extension of the exclusive period in connection with its pending plan and disclosure statement. The Court further extended exclusivity through oral argument on the Disclosure Statement on June 18, 2009.

The Disclosure Statement supporting the First Amended Plan was argued on June 18, 2009. The Court extended exclusivity while it considered certain under advisement matters. The Court ruled on the objections to the First Amended Disclosure Statement requiring that the Debtor include information about its rulings on the Policy Existence Case and the Avoidance Actions Motion, and further requiring certain technical amendments. In addition, the Court extended exclusivity through November 2, 2009. No further exclusivity extensions are permitted under the statute.

On October 26, 2009 CBNA filed its Second Amended Plan of Reorganization and on October 30, 2009 filed a Disclosure Statement supporting that Plan. Finally, as a result of agreement with the Committee for plan treatment of the Tort Claimants, the Debtor and the Committee are filing the Third Amended Joint Plan and the Debtor is filing the Third Amended and Restated Disclosure Statement with respect to the Third Amended Joint Plan.

**M. Events Following the Filing of the Second Amended Plan.**

Following the filing of the Second Amended Plan:

- Certain Tort Claimants and the Debtor argued a motion for relief from the Automatic Stay.
- The Defendants in the Committee's Declaratory Judgment and Avoidance Action adversary proceedings filed motions to dismiss under Rule 12.
- The Committee intensified its discovery, including a review of accounting

documents in Fairbanks.

- The Debtor, the Parish Churches, the Monroe Foundation and the CTNA engaged in extensive negotiation with the Committee, including a face to face mediation conducted by Judge Bettinelli on November 13, 2009 which ultimately resulted in the settlement represented in the Third Amended Joint Plan.

## **VII.**

### **DESCRIPTION OF THE THIRD AMENDED JOINT PLAN**

Among other things, treatment of Claims is described below. However, whether or not any payment is made under the Third Amended Joint Plan on account of a Claim depends on whether it is "Allowed" by the Bankruptcy Court. A Claim may be Allowed in one of three ways- (1) it was listed in CBNA's schedules as undisputed and in a liquidated amount even if no Proof of Claim was filed by the holder of the Claim; (2) a timely Proof of Claim was filed by the holder of the Claim and no objection to the Proof of Claim was timely filed in accordance with the treatment the applicable Class of Claims; or (3) if an objection was filed to a Proof of Claim then when an order has been entered by allowing the Claim that has not been appealed, or if appealed, the appeal has been finally determined or dismissed.

The Third Amended Joint Plan proposes that it will become effective (the "Effective Date") the first Business Day which is twenty (20) days after the Bankruptcy Court enters an Order confirming the Third Amended Joint Plan, in a form and substance acceptable to the Debtor and the Committee, unless the Confirmation Order is stayed by an order of the Bankruptcy Court, the District Court or another appellate court. Nothing in the Plan precludes the date by which the Effective Date has to occur from being extended by agreement between the Committee and CBNA although there is no requirement that either the Committee or CBNA agree to any such extension. The Effective Date triggers many of the obligations of the parties under the Third Amended Joint Plan, including funding the Third Amended Joint Plan and payment of certain Claims. However, the Effective Date may occur before all Claims have been Allowed by the Bankruptcy Court and will occur before all Tort Claims have been liquidated and Allowed. Accordingly, in the description of the treatment of Claims below and in the Third



Amended Joint Plan, the payment of Claims is, in some cases, triggered by the "Claim Payment Date" which is defined as the later of the Effective Date or the first Business Day ten (10) days after a Claim becomes an Allowed Claim by a Final Order.

**A. Unclassified and Unimpaired Claims**

The Third Amended Joint Plan identifies three types of Claims as unclassified and treats those Claims in accordance with the Bankruptcy Code and applicable law: Administrative Claims, Priority Unsecured Claims and Priority Tax Claims. The Third Amended Joint Plan defines Administrative Claims to include any actual and necessary costs or expenses of administration under Bankruptcy Code § 503, post-petition operating expenses, professional fees and expenses approved by the Bankruptcy Court under Bankruptcy Code §§ 330 or 331, certain post-petition property tax claims and charges assessed under Chapter 123 of Title 28, United States Code. The Third Amended Joint Plan defines Priority Unsecured Claims to include any Claim entitled to priority under Bankruptcy Code § 507 that is not an Administrative Claim, a Priority Tax Claim or a Priority Employee Unsecured Claim. The Third Amended Joint Plan provides that Administrative and Priority Unsecured Claims will be paid in Cash in full on the Claim Payment Date, or by any alternative arrangement agreed to by the Claim holder. The Third Amended Joint Plan defines Priority Tax Claims to include all unsecured Claims entitled to priority pursuant to Bankruptcy Code § 507(a)(8) and provides for the treatment authorized by Bankruptcy Code § 1129(a)(9)(C).

The following Classes of Claims are unimpaired by the Third Amended Joint Plan - that is to say that the Claims will be paid in full in accordance with the Claim holder's existing contractual rights:

Class 1- Priority Employee Unsecured Claims. This Class is defined to include the Claims of CBNA employees for vacation or sick leave pay which are entitled to priority under Bankruptcy Code § 507(a)(4)(A). These Claims will be honored in the ordinary course in accordance with CBNA's policies at the time the Claims mature. However, the Third Amended Joint Plan does not alter CBNA's ability to review the policies and procedures regarding vacation

and sick leave pay and to propose modifications to those policies and procedures to become a part of the Third Amended Joint Plan. To the extent CBNA proposes any changes to such policies and procedures that would be retroactive, CBNA will modify the Third Amended Joint Plan to include such changes and give notice to the holders of any Priority Employee Unsecured Claims. In that event, the holders of the Priority Employee Unsecured Claims will be impaired and the Third Amended Joint Plan will be modified to so state.

Class 5- Annuity Secured Claims. This Class is defined to include the Claims of individuals who made charitable gifts to CBNA through Annuity contracts whereby the donors receive certain fixed payments during their lives or the lives of another person, the payments for which were fixed at the date of the gift based on actuarial tables of the donor's life expectancy and uniform gift annuity rates. These Claims are unaltered by the Third Amended Joint Plan and will continue to be paid in the ordinary course.

Class 11- Insurance and Benefit Claims. This Class is defined to include Claims arising from or related to obligations, contributions or benefits pursuant to any pension or other benefit plan in effect as of the Petition Date. Such Claims will be determined and paid in accordance with the provisions of the applicable benefit plans, CBNA's applicable policies and procedures, the documents evidencing the creation of the Third Amended Joint Plan and applicable law.

**B. Impaired Claims**

**1. Class 2: Prepetition Date Secured Tax Claims- Impaired and Entitled to Vote**

**a. Definition.**

Class 2 is defined to include the prorated portion of a Secured Tax Claim which arises before and up to the Petition Date. Secured Tax Claims include the Claims of any federal, state, or local governmental unit secured by Estate Property by operation of applicable non-bankruptcy laws, including, but not limited to, unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, but only to the extent of the validity, perfection, and enforceability of the claimed lien, or security interest.

b. Allowance and Liquidation.

Secured Tax Claims will be prorated depending on the date when the tax arises: Taxes arising before the Petition Date will be treated under Class 2. Secured Tax Claims arising after the Petition Date but before the Effective Date will be treated as unclassified Administrative Claims. Secured Tax Claims that arise on or after the Effective Date will be paid in the ordinary course of business of the Reorganized Debtor. Class 2 Claims may be determined by the Bankruptcy Court notwithstanding the existence of any appeals to state or local taxing authorities of property tax or assessment determinations on the Petition Date.

c. Treatment

Allowed Class 2 Claims will bear interest from and after the Effective Date until they are paid in full at the rate of two percent (2%) per annum and will be paid in two equal installments, with the first installment paid on the first Business Day 30 days after the Claim Payment Date and the second installment paid on the first Business Day of the sixth (6th) month after the Claim Payment Date.

**2. Class 3: Other Secured Claims-Impaired and Entitled to Vote**

a. Definition.

Class 3 is defined to include every Claim, or portion thereof, secured against non-payment by property in which the Debtor has an interest, but only to the extent of the validity, perfection, and enforceability of the claimed lien, security interest, or assignment, which is not a Secured Tax Claim, or which is not separately classified under the Third Amended Joint Plan.

b. Treatment

Allowed Class 3 Claims will bear interest at a rate of two percent (2%) per annum and will be paid in two equal installments with the first installment paid on the first Business Day thirty (30) days after the Claim Payment Date and the second installment paid on the first Business Day of the sixth (6th) month following the Claim Payment Date.

**3. Class 4: Great Falls Secured Claim- Impaired and Entitled to Vote.**

a. Definition.

Class 4 includes only the Secured Claim arising out of the Great Falls DIP Loan.

b. Treatment.

The Class 4 Great Falls Secured Claim will be paid fully and in Cash accordance with the terms of Great Falls DIP Loan, except that the Third Amended Joint Plan grants CBNA an option to extend the term of the Great Falls DIP Loan from its present 20 year term to a 25 year term. In order to exercise this extension option, the Reorganized Debtor must provide written notice of exercising the option and pay an extension fee of \$7,500 no later than Friday, May 31, 2019. The monthly payments due pursuant to the Great Falls Promissory Note will be reamortized beginning with the payment due in the second (2nd) month succeeding exercise of the extension option, so as to repay the full amount of principal and interest by the end of extended term.

**4. Class 6: General Unsecured Convenience Claims- Impaired and Entitled to Vote.**

a. Definition.

Class 6 includes all Unsecured Claims in an amount of \$500 or less, inclusive of interest accrued thereon after the Petition Date through the Claim Payment Date; but holders of Unsecured Claims greater than \$500 may elect to reduce such claim to \$500 and be treated in Class 6 for all purposes, by so electing on their timely submitted Ballot. Making this election will be deemed to be an irrevocable waiver right to participate Class 8 governing the treatment of General Unsecured Claims.

b. Treatment.

Class 6 Claims will be paid in two equal installments with the first installment paid on the first Business Day thirty (30) days after the Claim Payment Date and the second installment paid on the first Business Day of the sixth (6th) month after the Claim Payment Date.

**5. Class 7: Jesuit Unsecured Claims- Impaired and Entitled to Vote.**

**a. Definition**

Class 7 is defined to include only the Claims described in the Proofs of Claim filed by the Jesuits in the Reorganization Case. These Claims include a Claim for allocation of fault or indemnity under Alaska law including AS 09.17.080, for \$217,081.51 due on an unsecured promissory note, and a Claim of a possible beneficial interest in insurance owned by CBNA.

**b. Treatment.**

If and when Allowed, the Jesuit Unsecured Claims will be setoff against any recoveries against the Jesuits on account of the Jesuit Fault Allocation Claims. The Jesuits will not receive or retain anything on account of the Third Amended Joint Plan, except and only to the extent that the amount of the Jesuit Fault Allocation Claims do not exceed any Allowed Jesuit Unsecured Claims. If there are any remaining unsatisfied Allowed Jesuit Unsecured Claims after such setoff, the Allowed Jesuit Unsecured Claims will be paid the lesser of the amount owed after setoff or ten thousand dollars (\$10,000) within (60) days after a Final Order is entered allowing any Jesuit Unsecured Claims and determining the amount of account any setoff.

**6. Class 8: General Unsecured Claims- Impaired and Entitled to Vote.**

**a. Definition**

Class 8 includes every Claim against CBNA (including, but not limited to, every such Claim arising from the rejection of an Executory Contract and every Claim which is the undersecured portion of any Secured Claim), which is not an Administrative Claim, a Priority Unsecured Claim, a Priority Tax Claim, a General Unsecured Convenience Claim, a Jesuit Unsecured Claim, an Other Tort and Employee Claim, an Insurance and Benefit Claim, a Pilgrim Springs Claim, a Tort Claim, a Future Tort Claim or a Penalty Claim.

**b. Treatment**

Allowed Class 8 Claims will incur interest at a rate of two percent (2%) per annum and will be paid in Cash in full in three (3) annual installments, including interest, with the first installment paid on the first Business Day of the sixth (6th) month after the later of the Effective

Date or Claim Payment Date, the second (2<sup>nd</sup>) annual installment paid on the first Business Day that is twelve (12) months after the first payment and the third (3<sup>rd</sup>) annual installment to be paid on the first Business Day that is twelve (12) months after the second payment.

**7. Class 9: Other Tort and Employee Claims- Impaired and Entitled to Vote.**

a. Definition.

Class 9 includes any and all Unsecured Claims against the Debtor for property damage, liability or workers compensation whether arising from tort, contract or workers compensation for which there is insurance coverage or a self-insured retention, but excluding Tort Claims and any Claims of employees entitled to priority pursuant to Bankruptcy Code § 507.

b. Treatment

Class 9 Other Tort and Employee Claims may only be Allowed up to the applicable insurance policy limits inclusive of any applicable self insurance retention or deductible. Any claim amounts exceeding policy limits will automatically be deemed disallowed. Class 9 Claims will be paid solely from the proceeds of any insurance policies including any self insured retention applicable to such Other Tort and Employee Claim.

**8. Class 10: Tort Claims, and Future Tort Claims- Impaired and Entitled to Vote.**

a. Definition

Class 10 includes all Claims or every kind arising from prepetition sexual abuse of children, adolescents, or vulnerable adults perpetrated by individuals associated with the Fairbanks Diocese and its missionary work in Alaska, including but not limited to priests, religious brothers, religious sisters, deacons, employees, or volunteers and based on a failure to properly hire, install and/or supervise the perpetrator so as to prevent the abuse from occurring, the failure to warn, disclose or provide information concerning sexual abuse or other misconduct committed by the perpetrator, or any other theory of fault or liability. Future Tort Claims are Tort Claims that are included in Class 10 even if the applicable statute of limitations had not expired as of November 2, 2008 (thirty (30) days prior to the December 2, 2008 generally



applicable Claims Bar Date), whether because the Claimant had not yet turned eighteen (18) years of age or for any other reason preventing the statute of limitations from expiring (i.e. tolling) under applicable Alaska or federal law. A fiduciary known as the Future Claims Representative has been appointed by the Bankruptcy Court to represent the interests of Future Tort Claimants with respect to the Reorganization Case and the Third Amended Joint Plan.

b. Treatment

(1) Subclassification of Tort Claims.

The Third Amended Joint Plan divides into three (3) subclasses for purposes of allowance, liquidation, and payment: (1) Convenience Tort Claims, (2) Settling Tort Claims, or (3) Litigation Tort Claims. The Plan provides alternative mechanisms for Allowing, liquidating and paying Tort Claims depending on their subclassification. All Tort Claims will be treated as Settling Tort Claims for purposes of allowance and liquidation and compensated pursuant to the Settlement Trust Agreement unless:

- (a) the Debtor has objected to a Tort Claim prior to the hearing on approval of the Disclosure Statement; or
  - (b) the Tort Claimant has expressly elected on his or her Ballot to be treated as a Convenience Tort Claim or a Litigation Tort Claim.
- (2) Settlement and Litigation Trust Sole Source of Recovery for Tort Claims; Allocation of Funding.

The Settlement Trust will be the sole source of recovery for Settling Tort Claimants for their Tort Claims. A copy of the proposed Settlement Trust Agreement is attached to this Disclosure Statement as Exhibit "9." The Litigation Trust (or the Litigation Reserve discussed below) will be the sole source of recovery for Litigation Tort Claimants on their Tort Claims. The Litigation Reserve may be established pursuant to agreement between the Debtor and the Committee prior to the Confirmation Hearing, if any Tort Claimant opts out of treatment as a Settling Tort Claimant pursuant to the Third Amended Joint Plan and the Ballot. In the event the Committee and the Debtor cannot agree on the amount of the Litigation Reserve, the amount of

the Litigation Reserve will be determined by the Bankruptcy Court as part of the confirmation process; provided, however, that, in all events the Litigation Trust Reserve will be funded out of the Fund.

The Litigation Reserve will take the place of the Litigation Trust and will be held and administered by the Settlement Trustee as part of the Settlement Trust. In the event a Litigation Reserve is established, the Litigation Reserve will function and be administered in the same manner as the Litigation Trust. If the Committee and the Debtor determine that a Litigation Trust is necessary, the Litigation Trust Agreement will be filed with the Bankruptcy Court no later than five (5) calendar days prior to the Confirmation Hearing which is currently scheduled for January 25 and 26, 2010.

Upon transfer of the property to the Fund by CBNA in accordance with the Third Amended Joint Plan in an amount of not less than \$9.8 million and the occurrence of the Effective Date, all Tort Claims against the Debtor and the Reorganized Debtor will be discharged and no Tort Claimant will have any further Claim against the Debtor or the Reorganized Debtor. Pursuant to the Channeling Injunction described in Article 21 of the Plan and the Confirmation Order, all Tort Claims held by Tort Claimants and Future Tort Claimants against the Debtor, the Reorganized Debtor, Released Parties, Settling Insurers, Settling Parties, and Participating Third Parties will be permanently enjoined and channeled in to the Settlement Trust or the Litigation Trust as the sole source of recovery. The Bankruptcy Court will determine the allocation of the funding between the Litigation Trust (or the Litigation Reserve) and the Settlement Trust as part of the confirmation process if not agreement is reached between the Committee and CBNA and such allocation will be incorporated into the Confirmation Order. If agreement is reached between the Committee and CBNA regarding the allocation between the Settlement Trust and the Litigation Trust (or the Litigation Reserve), the allocation, if accepted by the Bankruptcy Court, will be approved in the Confirmation Order.

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(3) Treatment of Convenience Tort Claims.

Each Convenience Tort Claim will be deemed Allowed in an amount of \$2,500, and in full release and satisfaction of his or her Tort Claim, each Convenience Tort Claimant will be paid \$2,500 Cash within thirty (30) days of the occurrence of the Effective Date or the Claim Allowance Date.

(4) Treatment of Settling Tort Claims.

(a) Allowance and Assignment to Settlement Trustee.

Settling Tort Claims will be deemed Allowed and the Allowed Settling Tort Claim will be treated in the same manner as a stipulated judgment against the Debtor, subject to the terms of the Plan, including, without limitation, the discharge and injunction provisions of Article 21 of the Plan. CBNA will assign each and all of its Claims against the Great Divide Candidate Insurers to the Settlement Trustee. Each Allowed Settling Tort Claim will be automatically assigned to the Settlement Trustee for purposes of pursuing the Debtor's and any Settling Tort Claimant's Claims against the Great Divide Candidate Insurers.

(b) Liquidation and Payment of Settling Tort Claims.

Unless the amount of the Settling Tort Claim is determined prior to the Effective Date pursuant to a Claim Allowance Agreement, the amount of each Settling Tort Claim will be liquidated by the Special Arbitrator pursuant to the Binding Arbitration Process. In liquidating a Settling Tort Claim, the Special Arbitrator will consider and base allowance of a Settling Tort Claim on the risks to CBNA and the Settling Tort Claimant in light of the facts bearing on the liability and damage aspects of the Settling Tort Claim. In addition, in determining the amount of the Arbitration Award, the Special Arbitrator must consider all of the circumstances affecting the Debtor's potential liability and available defenses regarding the Tort Claim of a Settling Tort Claimant, including but not limited to:

- (i) the substance and credibility of the Tort Claim,
  - (ii) the Debtor's legal responsibility for the actions of the perpetrator
- under Alaska law,

(iii) the severity of the abuse suffered,

(iv) the impact of the abuse on the Tort Claimant including any bodily injury, shock, fright, mental injury, disability, mental anguish, humiliation, sickness or disease sustained by the Tort Claimant, and

(v) the risks to CBNA and the Settling Tort Claimant had the Settling Tort Claim otherwise been the subject of a trial, including the existence of affirmative defenses such as the statute of limitations. The statute of limitations defense may be waived by the Settlement Trustee as part of the process subject to the Settlement Trustee's right to seek a determination from the Court at the Confirmation Hearing or after as to whether such a waiver of the statute of limitations defense and/or any other provision of the Third Amended Joint Plan objected to by the Insurance Company violates the provision of any Insurance Policy and/or any duty of an insured under an Insurance Policy issued by the objecting Insurance Company. If the Settlement Trustee seeks a determination by the Bankruptcy Court as to the merits of any such waiver(s) and no objection regarding the statute of limitations and/or any other provision of the Third Amended Joint Plan or otherwise is filed with regard to any Insurance Company's obligation to provide a defense to CBNA or its assignee and/or to provide liability insurance to CBNA or its assignee, then the waiver and all other provisions of the Third Amended Joint Plan will be automatically and conclusively deemed not to violate any Insurance Policy provision and/or any duty owed by CBNA or its assignee under any and all Insurance Policies. As to all other Claims, including the Claims of Litigation Tort Claimants, CBNA reserves all rights with respect thereto.

(vi) The Special Arbitrator may also consider any other factors the Bankruptcy Court may determine as part of the confirmation process or in connection with approval of any Claim Allowance Agreements.

As a result of the Binding Arbitration Process, the Special Arbitrator will issue an Arbitration Award setting forth the liquidated amount of each Allowed Settling Tort Claim. Each Settling Tort Claimant will be paid a share of the Settlement Trust as determined by the Special Arbitrator. In determining the share of the Settlement Trust to be received by a Settling Tort Claimant with an Allowed Settling Tort Claim, each of the Settling Tort Claims will be individually evaluated by the Special Arbitrator on the evaluation factors attached hereto as Exhibit "17". Points will be allocated to each Settling Tort Claimant in relation to each evaluation category. Each Settling Tort Claimant will be paid a pro rata share of the Settlement Trust based upon the ratio of the points received by that Settling Tort Claimant to the total points awarded to all Settling Tort Claimants. Thus, by way of example, if Claimant A is awarded 20 points and the total points awarded all Claimants is 4,000 points, Claimant A will be awarded 20/4000 of the Settlement Trust. The Special Arbitrator will determine each Settling Tort Claimant's share of the Settlement Trust within thirty (30) days of the Effective Date based solely upon the Proofs of Claim, the Uniform Questionnaire and the terms of the Plan.. Each Settling Tort Claimant will return a completed Uniform Questionnaire to the Special Arbitrator within thirty (30) days of service. If a Settling Tort Claimant fails to timely return his or her completed Uniform Questionnaire, then his or her Tort Claim will be treated and paid as a Convenience Tort Claim. Additional details regarding the process for liquidation of Allowed Settling Tort Claims are set forth in Article 18 of the Plan and the reader of this Disclosure Statement is referred to said Article 18 of the Plan for additional detail.

Before any distribution(s) to any Settling Tort Claimants with Allowed Tort Claims, the Settlement Trustee will subtract the Qualified Counsel Fees from the Settlement Trust which are the total amount of actual fees and reimbursable expenses payable to Qualified Counsel pursuant to written retainer or fee agreements between Qualified Counsel and a Settling Tort Claimant; provided that no Qualified Counsel will receive a distribution in excess of the amounts owed under such retainer or fee agreements. The Settlement Trustee will make the Preliminary Distribution to Settling Tort Claimants within sixty (60) days after every Settling Tort

Claimant's share of the Settlement Trust has been finally determined which will be based upon the amount of Cash less reserves that is in the Settlement Trust on the date such final determination is made by the Special Arbitrator.

The holders of Settling Tort Claims which are being defended pursuant to a reservation of rights by a Great Divide Candidate Insurer must have his or her Settling Tort Claim liquidated pursuant to a formal arbitration, and the Special Arbitrator will conduct the formal arbitration for such Settling Tort Claimant utilizing the J.A.M.S. rules and procedures. The Reorganized Debtor will only be obligated to participate in such formal arbitration pursuant to the J.A.M.S. rules and procedures, if its defense costs will be paid by a Great Divide Candidate Insurer. Otherwise, the Debtor or the Reorganized Debtor will have no obligation to participate in the process or defend against any such Tort Claims of a Settling Tort Claimant who is subject to the foregoing procedure.

(5) Treatment of Litigation Tort Claim.

(a) Allowance and Liquidation; Litigation Protocol.

Unless a complaint alleging a Litigation Tort Claim was filed before the Petition Date and is presently pending in the Alaska Superior Court—which will be Disallowed or Allowed and liquidated pursuant to a final judgment by the Alaska Superior Court—each Litigation Tort Claim will be Disallowed or Allowed and liquidated pursuant to a final judgment of the District Court. Within sixty (60) days of the Effective Date of the Third Amended Joint Plan each Litigation Tort Claimant must: file a complaint in the United States District Court for the District of Alaska against the Settlement Trustee asserting his or her Litigation Tort Claim against the Debtor and serve such complaint upon the Settlement Trustee; or, if a complaint was pending on the Petition Date in the Alaska Superior Court, file a motion in the Alaska Superior Court to put the case back onto its active trial docket, and serve such motion on the Settlement Trustee. If a Litigation Tort Claimant does not timely file such a complaint or motion, then his or her Tort Claim will be treated as a Convenience Tort Claim, which treatment will be irrevocable and in complete satisfaction, payment and release of the Litigation Tort Claim. The



Settlement Trustee will succeed to all of the Debtor's and any Participating Third Party's rights, defenses, affirmative defenses including statute of limitations, counterclaims, setoffs and recoupments with respect to Litigation Tort Claims and will substitute in any litigation in the Alaska Superior Court as the Defendant in place of the Debtor and any Participating Third Parties who are defendants in such actions pending in the Alaska Superior Court. The Settlement Trustee will have complete control of litigation and settlements of Litigation Tort Claims and Future Tort Claims, the holders of which elect to proceed with allowance under the Future Tort Claim Litigation Process.

(b) Payment.

Each holder of an Allowed Litigation Tort Claim will be paid in Cash by the Litigation Trust such holder's pro rata share of the Litigation Trust net of the Settlement Trustee's fees, costs, and attorneys fees and costs defending all Litigation Tort Claims, within thirty (30) days after of the later of the date on which all Litigation Tort Claims have been Allowed or Disallowed by Final Order.

(6) Treatment, Allowance and Distribution of Future Tort Claims.

The Future Tort Claims Representative's Tort Claim will be deemed satisfied when the Settlement Trust is funded. The Future Claims Reserve will not be funded from the first \$9.8 Million transferred from the Fund to the Settlement Trustee. The Future Claims Reserve will be funded from the first monies received by the Settlement Trustee (borne by the Settlement Trust and the Litigation Trust, if any, on a pro rata basis) and will not exceed ten percent (10%) of the total of the highest total balances in the Settlement Trust and the Litigation Trust. Any Future Tort Claims that are Allowed will be paid out of the Future Claims Reserve regardless of whether the Future Tort Claimant opts out the Future Tort Claim Settlement Process or the Future Tort Claim Litigation Process.

The holder of a Future Tort Claim may elect to proceed with allowance under the Future Tort Claim Settlement Process or the Future Tort Claim Litigation Process by (i) filing with the Special Arbitrator the Future Tort Claim Proof of Claim. The Future Tort Claim Proof of Claim

will be available from the Special Arbitrator or the Settlement Trustee upon request of a Future Tort Claimant who elects the Future Tort Claim Settlement Process, or (ii) filing a complaint in the District Court naming the Settlement Trustee as Defendant which constitutes an election by a Future Tort Claimant of the Future Tort Claim Litigation Process. Each Future Tort Claim Proof of Claim by a Future Tort Claimant electing the Future Tort Claim Settlement Process will include a release of claims in the form provided in the Future Tort Claim Proof of Claim.

If a holder of an Future Tort Claim elects to proceed with allowance under the Future Tort Claims Settlement Process, such Future Tort Claim will be Allowed (a) if the Special Arbitrator determines that the holder of such Future Tort Claim has proven by a preponderance of the evidence (i) that such Future Tort Claimant was abused, and (ii) that the applicable statute of limitations under applicable non-bankruptcy law had not begun to run on or before March 1, 2008; and (b) if the Special Arbitrator does not find that there is clear, cogent and convincing evidence that the applicable statute of limitations under applicable non-bankruptcy law had run (i) after March 1, 2008, and (ii) before the date the holder of such Future Tort Claim filed a Future Tort Claim Proof of Claim. In addition, the Special Arbitrator may employ any of the procedures set forth in Section 18.1 of the Third Amended Joint Plan for purposes of liquidating and Allowing or Disallowing any Future Tort Claim in the Future Tort Claim Settlement Process. The Special Arbitrator will determine the Allowed amount of such Future Tort Claim by assigning such Future Tort Claim a dollar value pursuant to the matrix for distributions for Settling Tort Claimants. The Special Arbitrator may consider the credibility of the Future Tort Claimant and the facts alleged in support of the Future Tort Claim and, in the Special Arbitrator's sole discretion, reduce or deny the Future Tort Claim. The dollar value assigned to a Future Tort Claimant electing the Future Tort Claim Settlement Process will be confidential. At any time prior to final allowance or disallowance of a Future Tort Claim under the Future Tort Claim Settlement Process, the holder of such Future Tort Claim may settle the Future Tort Claim with the Special Arbitrator.

If a holder of a Future Tort Claim elects to proceed with allowance under the Future Tort Claim Litigation Process, such Future Tort Claim will be determined either by a trial of such Future Tort Claim conducted by the District Court, or a settlement between the holder of such Future Tort Claim and the Settlement Trustee. Such Future Tort Claim is subject to all defenses available under applicable law, including but not limited to, the applicable statute of limitations and the defenses enumerated in the Third Amended Joint Plan with respect to any Tort Claims and which are or were available to Debtor. Notwithstanding the election by a Future Tort Claimant to have his or her Future Tort Claim determined pursuant to the Future Tort Claim Litigation Process, the holder of such Future Tort Claim can change his or her election. However, the election may only be changed prior to the earliest of the dates on which the Settlement Trustee has filed a dispositive motion with respect to, or trial has commenced on, a Future Tort Claim that is being determined under the Future Tort Claim Litigation Process. The election must be made by delivering a written notice of such election to the Special Arbitrator and the Settlement Trustee. Any such amended election will be irrevocable which means it cannot thereafter be changed. Also, by changing his or her mind and electing to proceed under the Future Tort Claim Settlement Process instead, the Future Tort Claimant is deemed to have consented to a reduction of the amount of any distribution with respect to such holder's Allowed Future Tort Claim, by the amount of all pre litigation and litigation Professional Fees and expenses incurred with respect to such Future Tort Claim, and all other Settlement Trust costs and expenses attributable to such Future Tort Claim, which accrued through the date of such amended election.

A Future Tort Claim must be filed on or before the seventh (7th) anniversary of the Effective Date in order to be eligible for Allowance. Future Tort Claims filed after the seventh (7th) anniversary of the Effective Date of the Third Amended Joint Plan will be barred, and any Future Tort Claimant who attempts to assert a Future Tort Claim after the seventh (7th) anniversary of the Effective Date of the Third Amended Joint Plan will have no right to payment or any other right under this Plan, and all such Claims will be discharged under Article 21 of the

Plan. A Future Tort Claimant with an Allowed Future Tort Claim will be paid in Cash by the Settlement Trustee from the Future Claims Reserve within thirty (30) days after the later of the date on which such Future Tort Claim is Allowed or the date on which the Future Claims Reserve is initially funded as provided for in the Plan; provided however that, any Future Tort Claimant that elects the Future Tort Claim Litigation Process will receive no more than eight percent (8%) of the Future Claims Reserve at the time the Future Tort Claim is filed, net of the costs of the Settlement Trustee to defend the Future Tort Claim of a Future Tort Claimant who has elected the Future Tort Claim Litigation Process.

(7) General.

All distributions to the holders of Allowed Tort Claims and Allowed Future Tort Claims will be in full release, discharge and satisfaction of such Claims. A Tort Claimant or a Future Tort Claimant whose Tort Claim or Future Tort Claim is Disallowed pursuant to the claim determination procedures set forth in the Plan, or a Litigation Tort Claimant or a Future Tort Claimant who has elected the Future Claim Litigation Process and whose Tort Claim or Future Tort Claim is denied and Disallowed, will receive no distribution under the Plan and will have no further Claim against CBNA, the Reorganized Debtor, any Settling Party or any Released Party.

(8) Treatment of Attorneys' Fees of Tort Claimants and Future Tort Claimants

. Subject to payment of Qualified Counsel Fees discussed above, the fees and expenses of attorneys representing any of the Settling Tort Claimants, Litigation Tort Claimants or Future Tort Claimants who receive payment from the Settlement Trust, the Litigation Trust (or the Litigation Reserve) or the Future Claims Reserve, will be borne by such claimants based on applicable state law and individual arrangements made between such claimants and their respective attorneys. In no event will CBNA, the Reorganized Debtor, the Settlement Trustee, the Settlement Trust, the Settlement Trustee, the Litigation Trust (if applicable) or the Litigation Reserve (if applicable) have any liability for any fees and expenses of attorneys representing any

of the Settling Tort Claimants, any of the Litigation Tort Claimants or any of the Future Tort Claimants and any such Claims for any such fees and expenses, if any, will be Disallowed.

(9) Treatment of Punitive Damages.

Claims for punitive or exemplary damages in connection with Tort Claims or Future Tort Claims or asserted by any other claimants, will be treated as Penalty Claims and be Disallowed.

(10) Contentions of Great Divide Candidate Insurers with respect to the treatment of Tort Claims in the Third Amended Joint Plan.

The Great Divide Candidate Insurers, Catholic Mutual and Travelers, objected to the Second Amended Disclosure Statement with respect to certain references to them in the Second Amended Disclosure Statement. CBNA agreed to include the following contentions of the Great Divide Candidate Insurers in this Disclosure Statement. The Great Divide Candidate Insurers contend that notwithstanding any other provision of this Disclosure Statement or the Third Amended Joint Plan:

- Those Insurance Companies identified in this Disclosure Statement and the Plan as “Breaching Insurers”<sup>12</sup> have not been found by any court, including the Bankruptcy Court, to have breached their contractual obligations under any agreement with the Debtor or any other party.
- Each such Insurance Company disputes its characterization as a Great Divide Candidate Insurer and, along with the Debtor, reserves all rights to defend such allegations.
- The validity, scope and enforceability of certain Insurance Coverage is the subject of the pending and unresolved Insurance Adversary proceeding,<sup>13</sup> and if the

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<sup>12</sup> CBNA has changed the definition in this Disclosure Statement from “Breaching Insurers” to Great Divide Candidate Insurers.

<sup>13</sup> The Disclosure Statement defines “Comprehensive Coverage Action” to mean what is defined in the Plan as the “Insurance Adversary.” We submit that the Disclosure Statement should be revised so that defined terms in the Disclosure Statement are consistent with those in the Plan.

Insurance Companies are correct in their defense of, and with respect to, their assertions in the Insurance Adversary proceeding, then with respect to those Insurance Companies, there will be greatly reduced Insurance Action Recoveries or no Insurance Action Recoveries whatsoever, and the resulting distribution to Tort Claimants under the Plan will be affected accordingly.

- Even if those Insurance Companies are not correct, in whole or in part, in their defense of and with respect to their assertions in the Insurance Adversary proceeding, the Tort Claimants may be required to institute litigation, which may be at their own expense, against such Insurance Companies in order to recover that portion of an award made with an assignment of the Debtor's rights against such Insurance Companies.

- Nothing in the Disclosure Statement, the Plan, the Confirmation Order, or any Plan Documents will affect, modify, impair or waive any (1) rights, defenses or claims of each Insurance Company that is a party to the Insurance Adversary proceeding, in that action or otherwise available under all applicable agreements with the Debtor or as a matter of law; and (2) the rights, defenses or claims of the Debtor with respect thereto, all of which rights are specifically and completely reserved.

(11) Disagreement of the Debtor and the Committee with the Contentions of the Great Divide Candidate Insurers as set forth in Section 10 above

The Debtor and the Committee do not agree with the representations and statements requested by the Insurance Companies in the foregoing Section 10 above and the Debtor and the Committee have agreed to include those statement and representations in this Disclosure Statement for disclosure purposes only and the Debtor and the Committee reserve all of their rights, Claims and defenses against the Insurance Companies.

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**9. Class 12- Continental Claims.**

**a. Definition.**

Class 12 includes any and all Claims held by Continental against the Debtor, including, but not limited to, any and all claims for reimbursement of defense costs, damages, attorneys' fees or costs, directly or indirectly relating to the Bankruptcy Court's order granting summary judgment to Continental in adversary no. 08-90033. Pursuant to the terms of CBNA's settlement with Continental, Continental will receive a stipulated Allowed claim of \$1,200,0000. Continental will assign its right to receipt of any payments under the Third Amended Joint Plan to the Fund in exchange for treatment as a Participating Third Party. The result of the assignment will be that \$75,000 of the amount paid by CBNA to the Fund will be attributed to the assignment from Continental.

**10. Class 13 – Pilgrim Springs Claims- Deemed to Reject Plan- Not Entitled to Vote.**

Class 13 includes all Claims of whatever nature asserted by PS Ltd. and Louis M. and Nancy E. Green in the Proofs of Claim filed in the Reorganization Case, Claim Nos. 21 and 23, associated with the Pilgrim Springs Property. The Pilgrim Springs Claims are subject to the Pilgrim Springs Setoff Claims which exceed the Pilgrim Springs Claims. The Pilgrim Springs Claims will be Disallowed, there will be no distribution to the holders of any Pilgrim Springs Claims and such holders will not receive anything under the Third Amended Joint Plan.

**11. Class 14 - Penalty Claims- Deemed to Reject Plan- Not Entitled to Vote.**

Class 14 includes any Claims for any fine, penalty, forfeiture, multiple damages, punitive damages, or exemplary damages, including, but not limited to, any such Claims not meant to compensate the claimant for actual pecuniary loss. No Class 14 will receive any property whatsoever on account of Class 14 Claims.

**VIII.**

**MEANS FOR EXECUTION OF THE THIRD AMENDED JOINT PLAN**

**A. Pre-Effective Date Transactions**

**1. Amendment to the Endowment Documents.**

Prior to the Effective Date, but after the Confirmation Order has become a Final Order, the Diocesan Bishop will amend the Endowment Documents to permit the sale of assets to the Endowment. After the amendment to the Endowment Documents pursuant to the Confirmation Order, CBNA will close the asset sale transaction transferring certain CBNA Real Property to the Endowment in exchange for \$7.625 million Cash.

**2. Closing the Sale of the Pilgrim Springs Property.**

CBNA will close the sale of the Pilgrim Springs Property to the highest bidder at the Pilgrim Springs Auction as soon as practicable after the Pilgrim Spring Auction. The proceeds of the Pilgrim Springs Auction will be distributed in accordance with the terms of the Third Amended Joint Plan to the Settlement Trustee.

**3. Administrative Claims Bar Date.**

The Administrative Claims Bar Date will occur and all Debtor's Professionals and Committee's Professionals will submit their final fee applications. In light of the agreement of various of the Chapter 11 Professionals with respect to the amount of fees and costs, the Debtor and the Committee may seek an agreement with the United States Trustee, subject to approval of the Court, to forego the requirement of final fee applications in order to avoid the expense of preparation of such final fee applications. If such an agreement and order of the Bankruptcy Court are sought, the Chapter 11 Professionals will give notice of such intent ten (10) calendar days prior to the Confirmation Hearing. Any objections to Administrative Claims or fee applications (if filed) will be filed in accordance with Federal and Local Bankruptcy Rules. If and to the extent a fee application is disputed, CBNA will reserve sufficient funds to pay the fee application pending resolution of the fee objection.

**B. Actions on the Effective Date**

**1. Creation of the Settlement Trust and the Litigation Trust**

Unless the Settlement Trust and the Litigation Trust (or the Litigation Reserve) have been earlier established, the Reorganized Debtor will cause the Settlement Trust and the Litigation Trust (or the Litigation Reserve) to be established on the Effective Date. In the event that no Tort Claimant opts out of the Settlement Trust, there will not be a Litigation Reserve or a Litigation Trust.

**2. Payments on the Effective Date**

**a. Payment, Cure and Reinstatement or Setoff of Allowed Claims Other Than Tort Claims.**

The Reorganized Debtor will pay or make provision for the prompt payment to holders of Allowed Claims to whom payments, pursuant to the Third Amended Joint Plan, are to be made on the Effective Date by the Debtor, including Allowed Administrative Claims. If the Pilgrim Springs Auction has not occurred and the Pilgrim Springs Sale has not closed by the Effective Date, it may be necessary to delay payment of some Administrative Claims until the Pilgrim Springs Sale has closed which may occur after the Effective Date.

**b. Payment to the Fund.**

On the Effective Date the Reorganized Debtor will deliver all amounts transferred to the Fund as of the Effective Date, and any other assignments or pledges provided for under the Third Amended Plan, if any, to the Settlement Trustee to be held and administered in accordance with the Plan, the Confirmation Order and the Plan Documents. The amount to be transferred to the Fund on the Effective Date will not be less than \$9.8 million.

**C. Post-Effective Date Performance by the Reorganized Debtor**

The funds necessary to ensure continuing performance under the Third Amended Joint Plan after the Effective Date may be obtained from:

- (a) Any and all remaining Assets retained by the Reorganized Debtor after the Effective Date;

- (b) Cash generated from the post-Effective Date operations of the Reorganized Debtor;
- (c) Cash generated from the sale of any property owned by CBNA for which it has both legal and equitable interest, that is not Excluded Property, that is not otherwise restricted and which CBNA, in its discretion, determines to sell in order meet its obligations under the Third Amended Joint Plan;
- (d) Any reserves established by the Debtor or the Reorganized Debtor;
- (e) The net proceeds of the Pilgrim Springs Auction which are to be paid to the Settlement Trust; and,
- (f) Any other contributions or financing (if any) which the Reorganized Debtor may obtain on or after the Effective Date.

Under the Third Amended Joint Plan, CBNA is again proposing that Bishop Kettler send out a special appeal in the Alaskan Shepherd Newsletter for the purpose of soliciting gifts specially designated for compensation for funding counseling for Tort Claimants, with any money raised over \$150,000 net of the costs of the fund raising in each campaign going to the Settlement Trust.

In light of the likely reduction of income from the Endowment and in light of the significantly larger Cash payment on the Effective Date, CBNA has abandoned the Alaskan Shepherd Sharing Agreement that was proposed in the First Amended Plan.

An analysis of CBNA's projected cash flow from operation of the Reorganized Debtor and for purposes of meeting its funding obligations under the Third Amended Joint Plan, along with a Summary of Significant Assumptions, are attached hereto as Exhibit "11". The Summary of Significant Assumptions reflects CBNA's business plan. This cash flow is premised on moderately aggressive assumptions about CBNA's income, and continuing significant measures to control costs such as keeping wages frozen through FYE 2011. The projections assume that CBNA will recruit a Development Officer at a base salary of \$50,000 provided that the salary can be offset by a \$35,000 grant for the first three years of employment. Management conservatively anticipates the following increases in contribution revenue:

a.	FYE 2010	\$85,000
b.	FYE 2011	\$135,000
c.	FYE 2012	\$220,000

- d. FYE 2013 \$320,000
- e. FYE 2014 \$350,000

CBNA's management team believes that the assumptions are realistic and show the Third Amended Joint Plan to be feasible. Previously, some creditors raised several questions about the capital projects included in the projection that was part of the Second Amended Disclosure Statement. As described in the business plan, all of the capital projects will require restricted funding either through special appeals or through grants. If CBNA does not obtain the special restricted funding it will not take on the capital improvement projects. CSF's projected Effective Date cash flow under the Third Amended Joint Plan is attached hereto as Exhibit "12".

**D. Post-Confirmation Management**

The Reorganized Debtor will continue to be managed in accordance with the principles of Canon Law and applicable state law, and the Bishop will be the sole director of the Reorganized Debtor.

CBNA and the Committee have agreed that Judge Bettinelli will serve as the Special Arbitrator, and he has agreed to serve. Judge Bettinelli is very familiar with the Fairbanks Diocese and many of the Tort Claims which have been asserted against CBNA over the years. Judge Bettinelli served as a mediator with respect to the litigation claims that were filed in the Alaska State Court prior to the Petition Date. As stated previously in this Disclosure Statement, Judge Bettinelli has also served as a mediator with respect to the Tort Claims during the Reorganization Case. Judge Bettinelli's *curriculum vitae* is attached to this Disclosure Statement as Exhibit "13." Attached as Exhibit "14" is the proposal from Judge Bettinelli with respect to his service as the Special Arbitrator including a suggested method for determination of the Settling Tort Claims and proposed fees with respect to his service as the Special Arbitrator.

The Committee has proposed that Robert L. Berger serve as the Settlement Trustee under the Third Amended Joint Plan. Mr. Berger is the founder and managing member of Omni Management Group, LLC (fka Robert L. Berger & Associates, Inc.). He is an expert in the administration of Chapter 11 cases and serves in a post-confirmation capacity in many cases around the country. Currently, he is the Settlement Trustee under the confirmed chapter 11 plan

for the Diocese of Davenport. Mr. Berger studied accounting at Sir George Williams University in Montreal, Canada. After completing his studies, he worked for an accounting firm. He relocated to California in 1964 and worked for a well-known business consulting group that specialized in insolvency problems. In 1970, Mr. Berger founded Robert L. Berger & Associates, Inc. The firm provided insolvency administrative services to receivers, trustees and attorneys. With the enactment of the 1979 Bankruptcy Act, Mr. Berger and the firm expanded to include providing services as Noticing Agent, Claims Agent, Disbursing Agent, Balloting Agent and Liquidating Trustee. Mr. Berger is a well-respected member of the turnaround community. Attached to this Disclosure Statement as Exhibit "15" is a copy of the rate schedule for Omni Management Group, LLC which will apply to Mr. Berger's service as the Settlement Trustee.

**E. Treatment of Executory Contracts**

**1. Assumption and Rejection of Executory Contracts**

In accordance with the provisions and requirements of Bankruptcy Code §§ 365 and 1123, all Executory Contracts of the Debtor (including Executory Contracts with KNOM and CSF) will be deemed assumed on the Confirmation Date other than those Executory Contracts that have already been rejected by order of the Bankruptcy Court or are subject to a motion to reject Executory Contracts that is pending on the Confirmation Date. Each Executory Contract assumed pursuant to this Section will revest in, and be fully enforceable by, the Reorganized Debtor in accordance with its terms. With respect to indemnification obligations of the CBNA to any Person serving at any time on or prior to the Effective Date as one of its officers, employees, council members or volunteers, to the extent provided in any of the Debtor's constituent documents or by a written agreement with the Debtor or under the laws of the State of Alaska pertaining to the Debtor, those obligations will be deemed and treated as Executory Contracts that are assumed by the Reorganized Debtor, pursuant to the Third Amended Plan and Bankruptcy Code § 365 as of the Effective Date; provided, however, that under no circumstances will the Debtor or the Reorganized Debtor assume or be responsible for any alleged



indemnification obligations of the Jesuits or any priests or others against whom CBNA has determined or may, in the future, determine, that there are credible allegations of sexual abuse asserted against such Person(s) or such Person has or may have engaged in some other conduct that would excuse the Reorganized Debtor from providing any indemnification to such Person.

## **2. Claims Based on Rejection of Executory Contracts**

Every Claim asserted by a Creditor arising from the rejection of an Executory Contract pursuant to the Third Amended Joint Plan must be filed with the Bankruptcy Court no later than the first Business Day which is thirty (30) days after the Confirmation Date or the first Business Day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection if such Final Order is entered after the Confirmation Date. Every such Claim which is timely filed, as and when it becomes an Allowed Claim, will be treated under Class 8 General Unsecured Claims. Every such Claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged.

## **IX. EFFECT OF CONFIRMATION**

### **A. Discharge**

Except as otherwise expressly provided in the Third Amended Joint Plan or in the Confirmation Order, on the Effective Date, the Debtor will be discharged from and its liability will be extinguished completely, in respect of any and all Claims that arose from any agreement of the Debtor entered into, or obligation of the Debtor incurred, before the Confirmation Date, or from any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date and any debt, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown and from any liability of the kind specified in Bankruptcy Code §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under Bankruptcy Code § 501, such Claim is Allowed under Bankruptcy Code § 502, or the holder of such Claim has accepted the Third Amended Joint Plan; provided,

however, that any Tort Claims as a result of sexual abuse committed after the Petition Date will not be discharged.

**B. Vesting**

Except as otherwise expressly provided in the Third Amended Joint Plan or in the Confirmation Order, on the Effective Date, the Reorganized Debtor will be vested with all of the property of the Estate free and clear of all Claims, liens, encumbrances, charges and other interests of Creditors, and will, thereafter, hold, use, dispose or otherwise deal with such property and operate its business free of any restrictions imposed by the Bankruptcy Code or by the Court. All Retained Claims are hereby preserved for the benefit of the Reorganized Debtor. Any claims, causes of action or demands transferred to the Fund are preserved for the benefit of the Settlement Trustee under the Settlement Trust and the Litigation Trustee under the Litigation Trust.

**C. Channeled Claims**

Except as otherwise expressly provided in the Third Amended Joint Plan, in consideration of the promises and obligations of the Participating Third Parties and the Settling Parties under the Third Amended Joint Plan, including the establishment and funding of the Settlement Trust and the Litigation Trust, all Persons who have held, hold, or may hold Tort Claims and Future Tort Claims, whether known or unknown, will be forever barred from pursuing such Tort Claims, whether such Claims are based upon tort or contract or otherwise, that they heretofore, now or hereafter possess or may possess against the Settling Parties, in each case based upon or in any manner arising from or related to any acts or omissions of CBNA or the Fairbanks Diocese or any of the other Settling Parties related to any sexual misconduct or other acts committed by any clergy, employees, volunteers or other Persons associated with CBNA. Such Tort Claims will be channeled to the Fund. Except as otherwise expressly provided in the Third Amended Joint Plan and the Third Amended Joint Plan Documents, the provisions of the Third Amended Joint Plan will operate, as between all Settling Parties, as a mutual release of all Claims which any Settling Party may have against another Settling Party.

The channeling provisions and the injunction are integral parts of the Third Amended Joint Plan and are essential to its implementation.

**D. Exculpation and Limitation of Liability**

None of the Released Parties will have or incur any liability to, or be subject to any right of action by, any holder of a Claim or any other party in interest or any of their respective agents, employees, officers, directors, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Reorganization Case, the pursuit of confirmation of the Third Amended Joint Plan, or the administration of the Third Amended Joint Plan or the property to be distributed under the Third Amended Joint Plan, except for their willful misconduct; and in all respects such parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Third Amended Joint Plan or in the context of the Reorganization Case.

**E. Permanent Injunction Against Prosecution of Released and Channeled Claims**

Except as otherwise expressly provided in the Third Amended Joint Plan, for the consideration described herein, or described in any agreement by which a Person becomes a Settling Party, or if such Person is a Released Party on the Effective Date, all Persons who have held, hold, or may hold Channeled Claims or Claims against CBNA, the Fairbanks Diocese, any Settling Party or any Released Party, whether known or unknown, and their respective civil law and Canon Law officers, directors, officials, representatives, council members, employees, agents, attorneys, and all others acting for or on their behalf, will be permanently enjoined on and after the Effective Date from: (a) commencing or continuing in any manner, any action or any other proceeding of any kind with respect to any Claim, including, but not limited to, any Tort Claim or any Future Tort Claim against the Parties or the property of the Parties; (b) seeking the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Parties or the property of the Parties, with respect to any discharged Claim or Channeled Claim; (c) creating, perfecting, or enforcing any encumbrance of

any kind against the Parties or the property of the Parties with respect to any discharged Claim or Channeled Claim; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Parties with respect to any discharged Claim or Channeled Claim; and (e) taking any act, in any manner and in any place whatsoever, that does not conform to or comply with provisions of the Third Amended Joint Plan or the Third Amended Joint Plan Documents, including, the Settlement Trust Agreement or the Litigation Trust Agreement. Each Non-settling Tort Claimant (including any Future Tort Claimant if the Future Claims Representative opts out of the Settlement Trust) will be entitled to continue or commence an action against the Litigation Trustee (in his or her capacity as trustee only and not in his or her individual capacity) for the sole purpose of obtaining a judgment as permitted by the Litigation Trust Agreement, the Litigation Protocol and the Third Amended Joint Plan, thereby liquidating such Non-settling Tort Claimant's (including Future Tort Claimants, if applicable) Claim so that he or she may be paid with other Allowed Tort Claims in the ordinary course of the operations of the Litigation Trust, consistent with the provisions of the Litigation Trust Agreement, the Litigation Protocol and the Third Amended Joint Plan. The holder of any such judgment will be enjoined from executing against the Litigation Trust, its assets or the assets of any of the Parties or the Settlement Trust. In the event any Person takes any action that is prohibited by, or is otherwise inconsistent with, the provisions of the Third Amended Joint Plan, then, upon notice to the Court by an affected Party, the action or proceeding in which the Claim of such Person is asserted, will automatically be transferred to the Court (or, as applicable, the District Court) for enforcement of the provisions of Article 21 of the Third Amended Joint Plan. The foregoing injunctive provisions are an integral part of the Third Amended Joint Plan and are essential to its implementation.

**X.**

**FEDERAL TAX CONSEQUENCES**

THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE  
THIRD AMENDED JOINT PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN.

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ACCORDINGLY, ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR PERSONAL TAX ADVISORS WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE THIRD AMENDED JOINT PLAN WITH RESPECT TO SUCH HOLDER, AND THE TAX IMPLICATIONS OF SUCH HOLDER'S RECEIPT OF ANY PAYMENTS FROM THE TRUST. NEITHER THE DEBTOR NOR DEBTOR'S COUNSEL MAKES ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE THIRD AMENDED JOINT PLAN AS TO THE DEBTOR OR ANY CREDITOR.

Under the Internal Revenue Code of 1986, as amended (the "IRC"), there may be significant federal income tax issues arising under the Third Amended Joint Plan described in this Disclosure Statement, that affect Creditors in the case.

The Settlement Trust and the Litigation Trust (if one is established) are each a "qualified settlement fund" ("QSF") within the meaning of Treasury Regulations enacted under IRC Section 486B(g). Each Trust is characterized as a QSF because:

1. Each Trust is established pursuant to an order of, or is approved by, the United States, any state or political subdivision thereof, or any agency or instrumentality (including a court of law) of any of the foregoing and is subject to the continuing jurisdiction of that governmental authority;

2. Each Trust is established to resolve or satisfy one or more contested or uncontested Claims that have resulted or may result from an event that has occurred and that has given rise to at least one Claim asserting liability arising out of, among other things, a tort, breach of contract, or violation of law (but excluding non-tort obligations of CBNA to make payments to its general trade Creditors or debt holders that relates to: a case under title 11 of United States Code, a receivership, foreclosure of similar proceeding in a Federal or State court, or a workout); and

3. Each Trust is a trust under state law.

The primary tax consequences of a Trust being characterized as a QSF, are the following:

1. The Trust must use a calendar taxable year and the accrual method of accounting.
2. CBNA must treat the transfer of property to the Trust as a sale or exchange of property. Accordingly, any gain or loss from the deemed sale must be reported by CBNA.
3. The Trust takes a fair market value basis in property contributed to it by CBNA.
4. The Trust's gross income, less certain modifications, is taxable at the rate equal to the maximum rate in effect for such taxable year under IRC Section 1(e) (currently 35%). CBNA's funding of the Trust with Cash and other property is not reported by the Trust as taxable income. However, net earnings recognized from, for example, the short-term investment of the Trust's funds will be subject to tax.
5. The Trust may deduct from its gross income a limited number of administrative expenses; the Trust is not entitled to deduct distributions paid to its Claimants.
6. The Trust will have a separate taxpayer identification number and will be required to file annual tax returns (which are currently due on March 15 unless the Trust is granted an extension of time for filing). The Trust will be required to comply with a number of other administrative tax rules.
7. The Trust must treat distributions of property from the Trust as a sale or exchange. Accordingly, any gain or loss from these deemed sales or exchanges must be reported by the Trust.
8. The Trust's gross income will be subject to applicable state and local income taxation.

Regardless of the Federal income tax treatment of the Trust, payments and distributions made by a Trust to a Tort Claimant may be subject to certain information reporting (generally



IRS Form 1099) when approved payments are made to Tort Claimants. Furthermore, the Settlement Trust and the Litigation Trust may be subject to withholding obligations under the IRC in connection with certain payments to Tort Claimants.

**XI.**  
**ACCEPTANCE AND CONFIRMATION**

**A. Voting Procedures**

**1. Generally**

Only those Classes that are impaired under the Third Amended Joint Plan are entitled to vote to accept or reject the Third Amended Joint Plan. CBNA reserves the right to supplement this Disclosure Statement (if necessary) and to solicit any of those Classes which may prove to be impaired or unimpaired if circumstances so warrant.

Separate Ballots will be sent to the known holders of Claims whether or not such Claims are disputed. CBNA and the Committee have agreed that Tort Claims for **voting purposes only**, should be estimated at \$1.00 and have requested that the Court approve this estimation of Tort Claims. In addition, only the holders of Allowed Claims (or Claims that have been temporarily Allowed or have been estimated by the Bankruptcy Court) which are impaired, are entitled to vote on the Third Amended Joint Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and until the Bankruptcy Court rules on the objection and any appeals are determined, unless the Bankruptcy Court determines otherwise. A Claim to which no objection has been filed is deemed an Allowed Claim until and unless an objection is filed to the Claim. The holders of such Disputed Claims, including any Tort Claims that are the subject of a pending objection as of the date of conditional approval of this Disclosure Statement, are not entitled to vote on the Third Amended Joint Plan unless they request that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018, temporarily allow the Claims in appropriate amounts solely for the purpose of enabling the holders of such Disputed Claims to vote on the Third Amended Joint Plan, and the Bankruptcy Court does so.

## **2. Incomplete Ballots**

Ballots which are signed, dated, and timely received, but on which a vote to accept or reject the Third Amended Joint Plan has not been indicated, will not be counted as a vote either to accept or to reject the Third Amended Joint Plan, or as a vote cast with respect to the Third Amended Joint Plan.

## **3. Withdrawal Of Ballots; Revocation**

Any Creditor holding an impaired Allowed Claim which has delivered a Ballot accepting or rejecting the Third Amended Joint Plan or opting out of the Settlement Trust, may withdraw such acceptance or rejection or election by delivering a written notice of withdrawal to CBNA at any time prior to the voting deadline. A notice of withdrawal, to be valid, must: (i) contain the description of the Claim to which it relates and the amount of such Claim; (ii) be signed by the voting Creditor, in the same manner as the Ballot; and (iii) be received by CBNA in a timely manner at the address set forth below. Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots or change in the Claimants election to opt out of the Settlement Trust which is not received in a timely manner will not be effective to withdraw a previously furnished Ballot.

## **4. Submission Of Ballots**

The form of Ballot for each of the Classes entitled to vote on the Third Amended Joint Plan will be sent to all Creditors along with a copy of this Disclosure Statement, conditionally approved by the Court which will have attached as an exhibit, a copy of the Third Amended Joint Plan. Creditors should read the Ballot carefully. The Bankruptcy Court has approved the form of Ballot to be submitted to the holders of Tort Claims. If any Creditor has any questions concerning voting procedures, it may contact:

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One South Church Avenue, Suite 1700  
Tucson, AZ 85701  
Attention: Kasey Nye  
Telephone: (520) 770-8700  
E-mail: kasey.nye@quarles.com

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Suite 1700  
Tucson, Arizona 85701-  
1621

Ballot(s) or withdrawals/revocations or changes of election thereof must be returned to the above counsel for the Fairbanks Diocese. Ballots (and withdrawals/revocations and changes of elections of Ballots) must be received no later than \_\_\_\_ a.m./p.m. prevailing Alaska Time, \_\_\_\_\_, 2010 by CBNA at the following address, in accordance with the "Notice of Hearing on Plan Confirmation; Notice of Manner and Timing for: (1) Voting on the Third Amended Joint Plan; (2) Filing Objections to the Third Amended Joint Plan; and (3) Submitting Ballots to Vote to Accept or Reject the Third Amended Joint Plan."

Jane Friedman, Paralegal  
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E-mail: jane.friedman@quarles.com

**B. Feasibility**

The Bankruptcy Code requires, as a condition to confirmation, that the Bankruptcy Court find that liquidation of CBNA, or the need for future reorganization, is not likely to follow after confirmation. For the purpose of determining whether the Third Amended Joint Plan meets this requirement, the Reorganized Debtor's ability to meet its obligations under the Third Amended Joint Plan has been analyzed. CBNA has prepared projections of the cash flow for the CBNA ministries and operations. The projections were prepared by management and are attached as Exhibit "11" to this Disclosure Statement. CBNA reasonably believes that it will be able to fund the Third Amended Joint Plan on the Effective Date, and the Reorganized Debtor will be able to make all payments required to be made, pursuant to the Third Amended Joint Plan.

**C. Best Interests Of Creditors And Liquidation Analysis**

Under Bankruptcy Code § 1129(a)(7), the Third Amended Joint Plan must provide that Creditors receive no less under the Third Amended Joint Plan than they would receive in a Chapter 7 liquidation of CBNA. This analysis is unusually hypothetical in the Reorganization Case, because, as a non-profit entity, the Reorganization Case cannot be converted to a Chapter 7 without CBNA's consent under Bankruptcy Code § 1112(c) (disallowing conversion of Chapter

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11 cases where the debtors is "not a moneyed corporation"). CBNA submits that the best interest of creditors test in this context is akin to that of a Chapter 9 proceeding.

While the best interests of the creditors test is an elusive standard in Chapter 9 nevertheless the concept is not without meaning.... The concept should be interpreted to mean that the Second Amended Plan must be better than the alternative that creditors have. In the chapter 9 context, the alternative is dismissal of the case, permitting every creditor to fend for itself in the race to obtain the mandamus remedy and to collect the proceeds.... [The courts] must apply **the test to require a reasonable effort by the municipal debtor that is a better alternative to the creditors than dismissal of the case.**

*In re County of Orange*, 191 B.R. 1005, 1020 (Bankr. C.D. Ca. 1996) (quoting 4 Collier on Bankruptcy, 943.03(7) (15th ed. 1995) (emphasis added by Judge Ryan).

Accordingly, the best interest of creditors standard test applied here is to compare the Third Amended Joint Plan to the true alternative of dismissal and a race to the courthouse by the Tort Claimants which greatly benefits the first to trial over the claims of others.

Nevertheless, CBNA has included a hypothetical liquidation (attached as Exhibit "16" to this Disclosure Statement) analysis similar to that filed in *In re General Teamsters, Warehousemen & Helpers Union Local 890*, 225 B.R. 719 (Bankr. N.D.Cal. 1998) aff'd 265 F.3d 869 (9th Cir. 2001). Specifically the *Teamsters Local* bankruptcy court determined—and the U.S. District Court and the 9th Circuit Court of Appeals each affirmed—that certain assets were properly excluded from the liquidation analysis because the assets did not "represent property of Debtor's estate that would be capable of liquidation under Chapter 7." See 225 B.R. at 734. Thus, CBNA's liquidation analysis excludes property that is not property of CBNA's Estate. Specifically, Parish Real Property, Parish personal property, the Endowment, the Priest's retirement fund, custodial funds are excluded from the liquidation analysis. The liquidation analysis also excludes other property which is property of the Estate, but which is not "capable of liquidation under Chapter 7" pursuant to the Religious Freedom Restoration Act and other reasons including the KNOM radio station license and equipment, and the Catholic Schools of Fairbanks campus and related personal property. The Committee disagrees with the Debtor over whether the property excluded from the liquidation analysis is properly excluded; however, as a

result of the settlement with the Committee, these issues are moot assuming that the Third Amended Joint Plan is confirmed and the Effective Date occurs.

**D. Confirmation Over Dissenting Class**

In the event that any impaired Class of Claims does not accept the Third Amended Joint Plan, the Bankruptcy Court may nevertheless confirm the Third Amended Joint Plan at the request of CBNA and the Committee if all other requirements under Bankruptcy Code § 1129(a) are satisfied, and if, as to each impaired Class which has not accepted the Third Amended Joint Plan, the Bankruptcy Court determines that the Third Amended Joint Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Classes. Each of these requirements is discussed below.

**1. No Unfair Discrimination**

The Third Amended Joint Plan "does not discriminate unfairly" if: (a) the legal rights of a dissenting Class are treated in a manner that is consistent with the treatment of other Classes whose legal rights are similar to those of the dissenting Class; and (b) no Class receives payments in excess of those which it is legally entitled to receive for its Claims. CBNA believes that under the Third Amended Joint Plan: (i) all Classes of impaired Claims are treated in a manner that is consistent with the treatment of other similar Classes of Claims; and (ii) no Class of Claims will receive payments or property with an aggregate value greater than the aggregate of the Allowed Claims in such Class. Accordingly, CBNA believes that the Third Amended Joint Plan does not discriminate unfairly as to any impaired Class of Claims.

**2. Fair and Equitable Test**

The Bankruptcy Code establishes different "fair and equitable" tests for Secured Claims, Unsecured Claims, and holders of Equity Interests, as follows:

(a) Secured Creditors. Either: (i) each impaired Secured Creditor retains its liens securing a Secured Claim and receives on account of its Secured Claim deferred Cash payments having a present value equal to the amount of its Allowed Secured Claim; (ii) each impaired Secured Creditor realizes the "indubitable equivalent" of its Allowed Secured Claim; or (iii) the

property securing the Claim is sold free and clear of liens with such liens to attach to the proceeds, and the liens against such proceeds are treated in accordance with clause (i) or (ii) of this subparagraph (a).

(b) Unsecured Creditors. Each impaired Unsecured Creditor receives or retains under the Third Amended Joint Plan property of a value equal to the amount of its Allowed Claim. There is no absolute priority rule issue in this Reorganization Case because there are no interests or junior creditors; or the holders of Claims and Equity Interests that are junior to the Claims of the non-accepting Class do not receive any property under the Third Amended Joint Plan on account of such Claims and Equity Interests.

(c) Equity Interests. Either: (i) each holder will receive or retain under the Third Amended Joint Plan property of a value equal to or greater than (A) the fixed liquidation preference or redemption price, if any, of such interest or (B) the value of such interest; or (ii) the holders of interests that are junior to the non-accepting Class will not receive any property under the Third Amended Joint Plan. The Fairbanks Diocese believes that the Third Amended Joint Plan satisfies the "fair and equitable" test with respect to all impaired Classes.

As with the best interests of creditors test, the fair and equitable test is applied differently in the Reorganization Case than in most reorganization cases because CBNA is not a moneyed corporation. This is the situation because the members of a non-profit, in this case, the Bishop, have no personal interest in the property of the corporation. Accordingly, there is effectively no equity interest in the Fairbanks Diocese. Therefore, what is commonly referred to as the "absolute priority rule" embodied by Bankruptcy Code § 1129(b)(2)(B) does not prevent CBNA from continuing to operate.



**XII.**  
**ALTERNATIVES TO THE THIRD AMENDED JOINT PLAN**

If the Third Amended Joint Plan is not confirmed, several different events could occur: (1) the Debtor could propose another plan providing for different treatment of certain Creditors; or (2) the Bankruptcy Court (after appropriate notice and hearing) could dismiss the Reorganization Case if the Debtor is unable to confirm an alternative plan in a reasonable period of time.

**XIII.**  
**RECOMMENDATIONS OF THE DEBTOR AND CONCLUSION**

CBNA and the Committee recommend that all Creditors vote to accept the Third Amended Joint Plan. CBNA and the Committee believe that the Third Amended Joint Plan provides the best possible return to Creditors under the circumstances.

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DATED: December 16, 2009

CATHOLIC BISHOP OF NORTHERN ALASKA, an  
Alaska religious corporation sole

By Donald Kettler  
Most Reverend Donald J. Kettler  
Bishop of the Diocese of Fairbanks

Prepared and Submitted By:

QUARLES & BRADY LLP  
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By Susan G. Boswell  
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# **EXHIBIT "1"**

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Attorneys for Debtor, Catholic Bishop of Northern Alaska

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ALASKA

CATHOLIC BISHOP OF NORTHERN	)	Case No. 08-00110-DMD
ALASKA, an Alaska religious corporation	)	
sole,	)	(Chapter 11)
	)	
Debtor.	)	
	)	
	)	
	)	
	)	

**DEBTOR'S AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS'  
THIRD AMENDED AND RESTATED JOINT PLAN OF REORGANIZATION FOR  
THE CATHOLIC BISHOP OF NORTHERN ALASKA**

December 16, 2009

Fairbanks, Alaska

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## ARTICLE 1

### INTRODUCTION

The Catholic Bishop of Northern Alaska, an Alaska religious corporation sole, the Debtor and debtor-in-possession in the above-captioned Chapter 11 reorganization case, and the Official Committee of Unsecured Creditors, propose the following Third Amended and Restated Joint Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code. For purposes hereof, any term used in an initially capitalized form in the Plan will have the defined meaning ascribed to it in either Bankruptcy Code § 101 or Article 2 hereof unless the context otherwise requires.

ALL CREDITORS ARE ENCOURAGED TO CONSULT THE DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. AMONG OTHER INFORMATION, THE DISCLOSURE STATEMENT CONTAINS DISCUSSIONS OF THE DEBTOR, THE HISTORICAL BACKGROUND OF THE REORGANIZATION CASE AND THE PREPETITION PERIOD, THE PROJECTIONS GERMANE TO THE PLAN AND THE POST-CONFIRMATION OPERATIONS OF THE DEBTOR AND THE REORGANIZED DEBTOR, AND A SUMMARY AND ANALYSIS OF THE PLAN. NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT OR BY THE BANKRUPTCY CODE FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

The Court has scheduled the Confirmation Hearing on January 25 and 26, 2010.

## ARTICLE 2

### DEFINITIONS

2.1 Scope Of Definitions. For purposes of the Plan, and except as expressly provided otherwise herein or unless the context otherwise requires, all of the defined terms stated in Article 2 will have the meanings hereinafter stated. For purposes of the Plan and such defined terms, the singular and plural uses of such defined terms and the conjunctive and disjunctive uses

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thereof will be fungible and interchangeable (unless the context otherwise requires); and the defined terms will include masculine, feminine, and neuter genders. The words "hereof," "hereto," "herein," and "hereunder" and words of similar import, when used in the Plan, will refer to the Plan as a whole. The defined terms stated in Article 2 also are substantive terms of the Plan, and Article 2 will be deemed incorporated throughout the rest of the Plan to convey the substantive provisions included in the defined terms. Any term used in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules will have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules. Unless otherwise specified, all section, article, and exhibit references in the Plan are to the respective section in, article of, or exhibit to the Plan, as the same may be amended, waived, or modified from time to time. The headings and captions of the Plan (including the headings of the defined terms), are for convenience of reference only and will not limit or otherwise affect the provisions hereof. Accordingly, the defined terms are as follows:

2.2 Administrative Claim means (a) every cost or expense of administration of the Reorganization Case which is allowable pursuant to Bankruptcy Code § 503, including any actual and necessary postpetition expenses of preserving the Estate; (b) any actual and necessary postpetition expenses of operating CBNA; (c) all Professional Charges approved by the Bankruptcy Court pursuant to interim and final allowances in accordance with Bankruptcy Code §§ 330, 331, and 503(b); (d) every Property Tax Administrative Claim; and (e) all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2.3 Administrative Claims Bar Date means the deadline for holders of Administrative Claims to file motions to allow administrative claims and the deadline for the Debtor's Professionals, the Committee's Professionals, the Future Claims Representative and the Future Claims Representative Professionals to file final fee applications and will occur forty-five (45) days after the Confirmation Date, unless any such requirement for filing final fee applications is waived pursuant to Court order.

2.4 Allowed means with respect to any Claim or Administrative Claim allowance for purposes of distribution pursuant to Bankruptcy Code §§ 502 or 503. A Claim or Administrative Claim may become an Allowed Claim by operation of law if it was scheduled in a liquidated amount and not disputed, or if a Proof of Claim was timely filed and was not objected to prior to the Claim Objection Deadline. A Claim or Administrative Claim may also become an Allowed Claim pursuant to the terms of the Plan or by a Final Order entered on an objection to a Proof of Claim or on an application for administrative expense; estimated Claims that are Allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court, will not be considered Allowed Claims hereunder. No Disputed Claim will become an Allowed Claim unless and until all such matters are resolved or adjudicated fully and finally and a Final Order has been entered.

2.5 Annuities means the gifts made to CBNA by various donors for charitable gift annuities, in exchange for which such donors are receiving certain fixed payments during their lives or the life of another person, the payments for which were fixed at the date of the gift based on actuarial tables of the donor's life expectancy and uniform gift annuity rates.

2.6 Annuity Secured Claims means the right of the holders of the Annuities to receive the monthly payments provided for in the agreement between CBNA and such annuitant.

2.7 Arbitration Award means the decision of the Special Arbitrator in the binding arbitration procedure described in Article 18 below, setting forth the amount of each Allowed Settling Tort Claim.

2.8 Assets means each and every item of property and interest of the Debtor therein, as of the Effective Date, for which CBNA owns the legal and equitable title, which is part of the temporal goods of the Diocese as a juridic person, and which is property of the Estate under Bankruptcy Code § 541, whether tangible or intangible, legal or equitable, liquidated or unliquidated, and includes without limitation: (a) all Cash; (b) all Retained Claims; (c) any and all amounts owed to the Debtor, including accounts receivable and contract rights, whether due prior or subsequent to the Petition Date; (d) any other right, claim, cause of action, or defense,

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whether arising by statute or common law, and whether arising under the laws of the United States, other countries, or applicable state or local law, including, but not limited to, all Insurance Actions; (e) all of the Debtor's books, records, and privileges; (f) all contracts, agreements, licenses, and leases; and (g) any other property of the Debtor.

2.9 Avoidance Actions means all actions pursuant to Bankruptcy Code §§ 544, 547, 548, 549 and 550 and any other actions provided for under applicable law, that allow a debtor, a trustee or a debtor in possession to, among other things, avoid certain transfers.

2.10 Ballot means the ballot accompanying the Plan and Disclosure Statement which will be sent to all Creditors entitled to vote on the Plan, on which such Creditors will indicate their vote to accept or reject the Plan, and pursuant to which any Tort Claimant will make the election to opt out of treatment of his or her Tort Claim as a Settling Tort Claim and into treatment as a Litigation Tort Claim or a Convenience Tort Claim. There will be separate ballots for Tort Claimants and for other Creditors. The Ballots, to the extent necessary, will be approved by the Bankruptcy Court.

2.11 Bankruptcy Code means Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., including any amendments thereto, which is in effect during the Reorganization Case.

2.12 Bankruptcy Court or Court. These terms are completely synonymous and interchangeable and will refer to and mean the United States Bankruptcy Court for the District of Alaska, or such other court which exercises jurisdiction over part or all of the Reorganization Case, to the extent that the reference of part or all of the Reorganization Case is withdrawn.

2.13 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure promulgated under Title 28, United States Code, § 2075, including any amendments thereto, as they may be amended from time to time during the Reorganization Case.

2.14 Bar Date means December 2, 2008, the date established by the Court in the Bar Date Order as the date by which a Claim must be evidenced by the filing of a Proof of Claim with the Bankruptcy Court, but excludes the Administrative Claims Bar Date.

2.15 Bar Date Order means the "Order Granting Debtor's Motion for an Order Fixing Time For Filing Proofs Of Claim; Approving Claim Forms; and Approving Manner and Form of Notice", entered May 30, 2008 [Docket #180] which, among other things, set the Bar Date and approved the Proof of Claim form to be used by Tort Claimants.

2.16 Binding Arbitration Process means the process through which the Claims of Settling Tort Claimants will be liquidated as described in Section 18.1 of the Plan.

2.17 Bishop means the Reverend Donald J. Kettler, or such other individual who may in the future become the acting Diocesan Bishop of CBNA during the term of the Plan.

2.18 Business Day means every day except Saturdays, Sundays, federal holidays, Catholic holidays recognized and observed by CBNA, and Alaska holidays observed by the Bankruptcy Court.

2.19 Canon Law means the Code of Canon Law applicable to the Roman Catholic Church.

2.20 Cash means cash, cash equivalents, bank deposits, and negotiable instruments payable on demand.

2.21 CBNA Real Property means the real property owned by CBNA, which is identified in the attached Exhibit "A".

2.22 Channeled Claims means the Tort Claims of Tort Claimants and Future Tort Claimants against the Settling Parties or the Released Parties which are channeled to and satisfied pursuant to the Plan out of the Settlement Trust.

2.23 Chapter 11 Professionals means the Debtor's Professionals, the Committee's Professionals and the Future Claims Representative Professionals wherever they are referred to collectively in the Plan.

2.24 Claim Allowance Agreement means an agreement between CBNA and a Tort Claimant, which is entered into prior to the Effective Date and approved by the Bankruptcy Court as reasonable under Bankruptcy Rule 9019, whereby CBNA and such Tort Claimant agree to Allow a Tort Claim at a certain amount.

2.25 Claim Objection Deadline means the date by which any objections to Claims other than Tort Claim or Future Tort Claims, if not previously Allowed, must be filed which, unless any earlier time is fixed by order of the Bankruptcy Court, and, as to which, subject to amendment rights and the relation back of amendments under applicable federal or state procedural rules, any objection to the allowance of any Claim and the assertion of any defense, setoff, counterclaim, recoupment, or other adverse claim of any kind of the Debtor or the Reorganized Debtor, must be filed on or before the first Business Day which is one hundred eighty (180) days after the Effective Date.

2.26 Claim Payment Date means the date which is ten (10) Business Days after a Claim becomes an Allowed Claim by a Final Order if such Claim is not an Allowed Claim on the Effective Date.

2.27 Class means each of the classifications of Claims described in Article 4 of the Plan.

2.28 Co-Defendants means the entities and individuals who are co-defendants with CBNA in the various state court actions or against whom Tort Claims might be asserted by a Tort Claimant.

2.29 Committee means the Official Committee of Unsecured Creditors appointed by the United States Trustee on March 31, 2008.

2.30 Committee's Professionals means:

The law firm of Pachulski, Stang, Ziehl & Jones, LLP;

The law firm of Manly & Stewart;

The law firm of David Bundy, P.C.;

The financial consulting firm of J. H. Cohn, LLP;

The consulting firm of Morrow & Hensel; and

Any and all other similar professionals which the Committee retains to assist in the conduct of the Reorganization Case or to provide professional services for a specified purpose, all in accordance with Bankruptcy Code §§ 327(a) and 327(e).

2.31 Confirmation Date means the date on which the Bankruptcy Court enters the Confirmation Order on the Court's docket.

2.32 Confirmation Hearing means the hearing held by the Bankruptcy Court regarding confirmation of the Plan, as such may be continued from time to time.

2.33 Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code §1129 and which will, among other things:

(a) provide that the settlement provisions and other provisions in the Plan and the Settlement Trust are binding on all Settling Tort Claimants;

(b) provide that all Future Tort Claimants, whether or not they file a Proof of Claim or a Future Tort Claim Proof of Claim, are bound by the provisions of the Plan;

(c) approve and provide for the implementation of the Plan Documents;

(d) approve and incorporate the Settlement Trust Agreement as part of the Plan;

(e) approve, pursuant to the Plan, CBNA's settlement with the Parish Churches, Monroe Foundation and the CTNA as set forth in the Parish Settlement Agreement and the Monroe Foundation Settlement Agreement;

(f) provide that from and after the Effective Date, no action may be commenced or continued against CBNA;

(g) approve the Asset sale to the Endowment upon the terms and conditions set forth in the agreement between the Endowment and CBNA and as set forth in the Plan and the Disclosure Statement;

(h) approve the sale of the Pilgrim Springs Property to the high bidder at the Pilgrim Springs Auction pursuant to the order approving the Pilgrim Springs sale procedures;



(i) provide that any and all actions against Parish Churches' property, including but not limited to *Official Committee of Unsecured Creditors v. Catholic Trust of Northern Alaska, et. al.*, Adversary No. 09-90025-DMD and *Official Committee of Unsecured Creditors v. Catholic Bishop of Northern Alaska, et. al.*, Adversary No. 09-90026-DMD, are dismissed with prejudice;

(j) effect the release and discharge of certain Claims and the injunction against prosecution of the released Claims or Channeled Claims by any Creditors or parties in interest against Released Parties, Settling Parties, CBNA and any others described in Article 21 of the Plan, and provide for the channeling injunction with respect to Claims against Released Parties, Claims against Settling Parties and Claims against others as set forth in Sections 21.3 and 21.5 of the Plan;

(k) approve the amendments to the Endowment provided for in Article 25 of the Plan; and

(l) contain such other terms and provisions as are acceptable to CBNA and the Committee in their sole discretion.

2.34 Continental means that certain corporation organized and existing under the laws of South Carolina, with its principal place of business in Chicago, Illinois, known as Continental Insurance Company and any and all of its affiliates including CNA Financial Corporation, which is an authorized insurer in the State of Alaska, and which CBNA alleges issued primary liability insurance policies in the period between 1974 and 1979, which was the subject of Adversary No. 08-90033 before the Bankruptcy Court.

2.35 Continental Claims means any and all Claims held by Continental against the Debtor, including, but not limited to, any and all Claims for reimbursement of defense costs, damages, attorneys' fees or costs, directly or indirectly relating to the Bankruptcy Court's order granting summary judgment to Continental in Adversary No. 08-90033 and Claim No. 25 filed by Continental.

2.36 Contingent means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

2.37 Contribution Actions means any actions commenced or which may be commenced against any Person against whom CBNA asserts a Contribution Claim.

2.38 Contribution Claims means any rights or claims of CBNA for indemnification, contribution or fault allocation against any Person who is or may be liable to CBNA or any Person on account of any Claims which are or may be asserted against CBNA.

2.39 Convenience Tort Claim means a Tort Claim that will be Allowed and paid \$2,500 Cash as full and final compensation and satisfaction of the Tort Claim of the Settling Tort Claimant and will be subject to each and every release and injunctive provision of the Plan.

2.40 Convenience Tort Claimant means a holder of a Tort Claim who has elected to have his or her Tort Claim treated as a Convenience Tort Claim as full and final compensation for his or her Tort Claim, which will be discharged and subject to each and every release and injunctive provision of the Plan. A Tort Claimant may elect treatment as a Convenience Tort Claimant either by affirmative election on his or her Ballot or be deemed to elect treatment as a Convenience Tort Claimant by failing to timely take certain actions under the Litigation Protocol or the Binding Arbitration Process.

2.41 CTNA means the Catholic Trust of Northern Alaska.

2.42 Custom Questionnaire means the questionnaire for use by the Special Arbitrator in the Binding Arbitration Process that may be requested by a Great Divide Candidate Insurer no later than thirty (30) days after service of a completed Uniform Questionnaire.

2.43 Debtor or CBNA means the Catholic Bishop of Northern Alaska, an Alaska religious corporation sole, in all of its civil law capacities, including, but not limited to: (a) the Estate of CBNA and (b) CBNA as the representative of the Estate. The terms Debtor and CBNA which are completely synonymous and interchangeable.

2.44 Debtor's Professionals means:

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The law firm of Quarles & Brady, LLP;

The law firm of Dorsey & Whitney, LLP;

The law firm of Cook, Schuhmann & Groseclose, Inc.;

The accounting and financial consulting firm of Keegan, Linscott & Kenon, P.C.;

The aircraft brokerage Northern Aircraft, Inc.;

The real estate firm of Robert Fox Realty, L.L.C.;

The geothermal consultant Gerald W. Hutterer of the firm of Geothermal Management Company, Inc.; and

any and all other similar professionals which the Debtor or the Reorganized Debtor retains to assist in the conduct of the Reorganization Case or to provide professional services for a specified purpose, all in accordance with Bankruptcy Code §§ 327(a) and 327(e).

2.45 Diocese means the canonical entity encompassing the territory of the Diocese of Fairbanks subject to the jurisdiction of the Bishop and through which the Bishop carries out his canonical duties in accordance with Canon Law.

2.46 Diocesan Bishop means, as provided in the Endowment Documents and pursuant to Canon Law, a title of the person within the Roman Catholic Church who is appointed by the Vatican See and designated as the Bishop who is to govern the Diocese and care for its people, with the cooperation and assistance of other Catholics, clerics and laity. The term "Diocesan Bishop" does not mean or include the Bishop acting in his civil capacity as the sole director of CBNA.

2.47 Disallowed means, when referring to a Claim, a Claim or any portion of a Claim which has been disallowed or expunged by a Final Order.

2.48 Disclosure Statement means the Third Amended and Restated Disclosure Statement presented by CBNA with respect to the Plan, including, but not limited to, any restatements, amendments, modifications, and additional disclosures (if any) provided by CBNA to comply with Bankruptcy Code § 1127 or orders of the Bankruptcy Court, and which was conditionally approved by the Bankruptcy Court on December \_\_, 2009.

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2.49 Disputed Claim means every Claim, or portion thereof, which is subject to any defense, setoff, counterclaim, recoupment, or other adverse claim of any kind of the Debtor or the Reorganized Debtor, or to which an objection (formal or informal) has been made and which has not yet been Disallowed or which has not become an Allowed Claim, in either case, pursuant to a Final Order.

2.50 Disputed Claims Reserve means the reserve to be established on the Effective Date (and, thereafter, to be maintained as necessary) to hold in one or more segregated accounts, Cash or other Assets equal to the aggregate amounts thereof, that would have been distributed on an applicable Claim Payment Date on account of a Disputed Claim. In establishing the Disputed Claims Reserve on the Effective Date, all Disputed Claims may be estimated by the Reorganized Debtor at an amount equal to (a) such lesser amount that is agreed to by the holder of such Claim, (b) the amount claimed if the Court has not made an estimation of such Claim or the holder of such Claim has not agreed to a lesser amount, or (c) the amount, if any, determined by the Court by Final Order pursuant to Bankruptcy Code § 502(c), as an estimate for distribution purposes. In any event, the Estimated Amount will be the maximum amount of the Claim for distribution purposes under the Plan. The Disputed Claims Reserve may be adjusted from time to time after the Effective Date by the Reorganized Debtor, after taking into account the anticipated recovery fraction which has been or is anticipated to be paid to the holders of Allowed Claims, after giving effect to the amount of the Disputed Claims as determined pursuant to this provision. The Disputed Claims Reserve will not apply to the Settlement Trust and/or the Litigation Trust (or the Litigation Reserve), each of which will be governed by the terms of the Settlement Trust Agreement, the Litigation Trust Agreement or the terms of the Litigation Reserve.

2.51 District Court means the United States District Court, District of Alaska.

2.52 Effective Date means the first Business Day which is twenty (20) days after entry of a final Confirmation Order in form and substance satisfactory to the Committee and the

Debtor in their sole discretion, unless the Confirmation Order is stayed or enjoined by the Bankruptcy Court, the District Court or another appellate court.

2.53 Endowment means the collection of endowment funds held in charitable trusts by CBNA and called The DONATE Fund that was established in 1980 to enable individuals, families, and others to support the future needs of the Diocese, the Parishes, schools, Monroe Foundation, agencies and programs within the Diocese, the investment return from which is used to support the specific programs for which the applicable Endowment was created.

2.54 Endowment Documents means all documents creating, governing or pertaining to the Endowment.

2.55 Estate means the bankruptcy estate of CBNA created under Bankruptcy Code § 541.

2.56 Estimated Amount means the maximum amount at which the Court or the District Court, pursuant to Bankruptcy Code § 502(c), at the request of CBNA or any other party with standing, estimates any Claim or Class of Claims against the Debtor that is contingent, unliquidated or disputed, but excluding any Tort Claim, or any Future Tort Claim for the purpose of: (a) allowance (for estimation purposes only); (b) distribution; (c) confirming the Plan pursuant to Bankruptcy Code § 1129; (d) voting to accept or reject the Plan pursuant to Bankruptcy Code § 1126 and Bankruptcy Rule 3018(a); or (e) any other proper purpose. The Debtor and the Committee will seek an order of the Bankruptcy Court providing that Tort Claims will be estimated at \$1.00 per Claim *solely* for purposes of voting on the Plan. Such estimation of a Claim, including a Tort Claim, for purposes of voting on the Plan will not establish the valuation of the Claim, including a Tort Claim, or Class of Claims for distribution purposes.

2.57 Excluded Property means any real and personal property that is excluded from the Plan because:

- (a) it is not property of the Estate pursuant to Bankruptcy Code § 541;
- (b) it is critical to the continued ministry and mission of the Diocese

and CBNA; or

(c) it is excluded under the Religious Freedom Restoration Act.

Notwithstanding the foregoing, and except for property which is not property of the Estate, CBNA, in its sole discretion, may, but will not be required to, elect to utilize some of the property which is either critical to the ministry and mission of the Diocese and CBNA or excluded under the Religious Freedom Restoration Act, in order to implement the Plan.

2.58 Executory Contract means every unexpired lease and other contract which is subject to being assumed or rejected by the Debtor under Bankruptcy Code § 365, pursuant to the Plan or pursuant to separate motion.

2.59 Final Order means any judgment or order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing will then be pending, or as to which any right to appeal, petition for certiorari, reargue or rehear will have been waived in writing, in form and substance satisfactory to the Debtor or, in the case of the Confirmation Order, satisfactory to the Debtor and the Committee, or, on and after the Effective Date, in form and substance satisfactory to the Reorganized Debtor and as to the Litigation Trust, if any, and as to the Settlement Trust, the Settlement Trustee, or in the event that an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court or other court of competent jurisdiction will have been determined by the highest court to which such order was appealed, or certiorari, reargument or rehearing will have been denied, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing will have expired provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such order or judgment, will not cause such order or judgment not to be a Final Order.

2.60 Fund means the fund to be established by CBNA which will be used to fund: (i) Allowed Administrative Claims; (ii) the Insurance Actions; (iii) the Settlement Trust; and (iv) if  
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necessary, the Litigation Trust or the Litigation Reserve. The Fund will consist of all of the following:

(a) On the Effective Date or on the date provided for in the Plan, the net proceeds from the sale of the CBNA Real Property, including the proceeds from the sale of Assets to the Endowment, but not less than \$9.8 million Cash as of the Effective Date;

(b) The net proceeds of the Pilgrim Springs Auction, including any amounts in excess of the Endowments opening bid of \$1.850 million;

(c) Payments from the Participating Third Parties;

(d) Proceeds from the Special Appeal;

(e) Proceeds from the Parish Settlement and Monroe Foundation Settlement;

(f) Payments from the Settling Insurers;

(g) Any net recoveries from Contributions Claims.

2.61 Future Claims Representative means Michael Murphy, the person appointed by the Bankruptcy Court to act as the Future Claims Representative pursuant to "Order Approving Joint Nomination of Future Claims Representative" entered January 15, 2009 [Docket No. 341] and "Order Approving Future Claims Representative's Application For Order Authorizing And Approving The Employment of Alix Partners, LLC" entered March 27, 2009 [Docket No. 416]. The Future Claims Representative represents the interests of the Future Tort Claimants and has employed his affiliate, Alix Partners, LLC, as his advisor.

2.62 Future Claims Representative's Professionals means the financial consulting and advisory firm of Alix Partners, LLC; and any and all other professionals which the Future Claims Representative retains or employs to assist or advise in the conduct of the Reorganization Case or to provide professional services for a specified purpose, including attorneys or law firms, if retained by the Future Claims Representative, all in accordance with Bankruptcy Code §§ 327(a) and 327(e).



2.63 Future Claims Reserve means the reserve to be established on the Effective Date or such later date when funds from the Fund become available pursuant to Section 13.2 of the Plan (and, thereafter, to be maintained as necessary) by the Settlement Trustee to hold, in one or more segregated accounts, Cash or other Assets in an amount to be approved by the Court in the Confirmation Order. The Future Claims Reserve will not be funded from the first \$9.8 Million transferred from the Fund to the Settlement Trustee. The Future Claims Reserve will be funded from the first monies received by the Settlement Trustee (borne by the Settlement Trust and the Litigation Trust, if any, on a pro rata basis) and will not exceed ten percent (10%) of the total amounts transferred to the Settlement Trustee. Any Future Tort Claims that are Allowed will be paid out of the Future Claims Reserve regardless of whether the Future Tort Claimant elects the Future Tort Claim Settlement Process or the Future Tort Claim Litigation Process.

2.64 Future Tort Claim Litigation Process means the procedure for liquidating and Allowing or Disallowing a Future Tort Claim of a Future Tort Claimant who has opted to litigate his or her Future Tort Claim in accordance with the procedures described in Section 13.6(d) of the Plan.

2.65 Future Tort Claim Proof of Claim means the proof of claim in the form to be developed and furnished by the Special Arbitrator to a Future Tort Claimant pursuant to Section 13.6 of the Plan and which includes a release of any and all claims against the Debtor, the Reorganized Debtor, the Settlement Trustee and any Participating Third Party or Settling Party in the form developed by the Special Arbitrator.

2.66 Future Tort Claim Settlement Process means the procedure for liquidating and Allowing or Disallowing a Future Tort Claim of a Future Tort Claimant whose Future Tort Claim is liquidated and Allowed or Disallowed pursuant to Section 13.6(c) of the Plan.

2.67 Future Tort Claimant means an individual who has, or contends he or she has, a Future Tort Claim.

2.68 Future Tort Claims means all Tort Claims that:

(a) are neither timely filed nor deemed to be timely filed (e.g., due to excusable neglect); and

(b) held by a claimant who turns 18 on or after November 2, 2008 (the date which is thirty (30) days prior to the generally applicable Claims Bar Date in the Reorganization Case of December 2, 2008); or

(c) held by a claimant for whom the applicable Alaska tort claim statute of limitations, for any reason, has not expired or has been tolled as of November 2, 2008, as determined under applicable Alaska or federal law, but without regard to federal bankruptcy law; and

(d) for which a Proof of Claim is submitted in accordance with the procedures set forth in the Plan.

A Future Tort Claimant will have his or her Future Tort Claim determined by the Special Arbitrator in accordance with procedures set forth in Section. 13 of the Plan, unless the Future Tort Claimant timely elects to have his or her Future Tort Claim liquidated in accordance with the procedures set forth in Section 13 of the Plan. Notwithstanding the foregoing, the Future Tort Claim will be paid only from the Future Claims Reserve.

2.69 General Unsecured Convenience Claim means a General Unsecured Claim in an amount of \$500 or less, inclusive of interest accrued thereon, after the Petition Date through the latter to occur on the Effective Date or the Claim Payment Date; provided, that, if the holder of an Unsecured Claim in an amount greater than \$500 makes an election to reduce such Claim to \$500, such Claim will be treated as a General Unsecured Convenience Claim for all purposes. Such election will be made on the Ballot, completed and returned within the time fixed by order of the Court. Making this election will be deemed to be a waiver by such electing holder of any right to participate in Class 8, as to any and all Claims held by such holder.

2.70 General Unsecured Claim means every Unsecured Claim against CBNA (including, but not limited to, every such Claim arising from the rejection of an Executory Contract and every Claim which is the undersecured portion of any Secured Claim), which is not

an Administrative Claim, a Priority Unsecured Claim, a Priority Tax Claim, a General Unsecured Convenience Claim, a Jesuit Unsecured Claim, an Other Tort and Employee Claim, an Insurance and Benefit Claim, a Pilgrim Springs Claim, a Tort Claim, a Future Tort Claim or a Penalty Claim, and which is classified and treated as the Plan provides for Class 8 Claims.

2.71 Great Divide Candidate Insurers means The Catholic Mutual Relief Society of America, and Travelers Casualty and Surety Company, formerly known as Aetna Casualty and Surety Company, and any other Insurance Company that breaches its obligation to defend and/or indemnify the Debtor under its Insurance Policies with the Debtor and/or that fails to unconditionally confirm liability coverage to CBNA under the liability insurance coverage issued by that insurer to CBNA, but rather reserves rights to deny liability coverage to CBNA.

2.72 Great Falls means the Roman Catholic Bishop of Great Falls, Montana, the lender of the Great Falls DIP Loan.

2.73 Great Falls DIP Loan means the secured debtor-in-possession loan in the original principal amount of \$1,000,000 approved on an interim basis pursuant to "Amended Order Granting Emergency Motion for Interim DIP Financing" entered November 26, 2008 [Docket No. 299] and on a final basis pursuant to "Final Order Approving Debtor-In-Possession Financing Pursuant to Stipulation" entered December 12, 2008 [Docket No. 317] and which is evidenced by, among other things, the Great Falls Promissory Note.

2.74 Great Falls Promissory Note means that certain Promissory Note dated December 17, 2008 in the original principal sum of \$1,000,000 evidencing, in part, the Great Falls DIP Loan.

2.75 Great Falls Secured Claim means the Secured Claim of Great Falls with respect to the Great Falls DIP Loan.

2.76 Insurance Actions means all Claims, causes of action and enforceable rights of the Debtor against any Insurance Company, including, but not limited to, those arising from or related to:

- (a) the Insurance Adversary;

(b) any such Insurance Company's failure to provide Insurance Coverage under any Insurance Policy; or

(c) the refusal of any Insurance Company to compromise and settle any Claim pursuant to any such Insurance Policy.

2.77 Insurance Adversary means the adversary proceeding commenced in the Bankruptcy Court by CBNA, Adversary Proceeding No. 08-90019, the reference of which was withdrawn to the District Court as Case No. 4:08-cv-00038 but referred to the Bankruptcy Court for certain pretrial proceedings and wherein Continental Insurance Company, The Catholic Mutual Relief Society of America, The Catholic Relief Insurance Company of America, Alaska National Insurance Company, and Travelers Casualty and Surety Company, formerly known as Aetna Casualty and Surety Company, are the defendants which, among other things, is to determine the scope of Insurance Coverage.

2.78 Insurance and Benefit Claims means any Unsecured Claim arising from or related to obligations, contributions or benefits which are the obligation of CBNA pursuant to any pension or other benefit plan sponsored by CBNA or for which CBNA is otherwise obligated, in effect as of the Petition Date.

2.79 Insurance Company means any insurance company and/or any other entity providing Insurance Coverage to the Debtor for liability arising from or related to Tort Claims or Future Tort Claims, including but not limited to, The Catholic Mutual Relief Society of America, The Catholic Relief Insurance Company of America, Alaska National Insurance Company, and Travelers Casualty and Surety Company, formerly known as Aetna Casualty and Surety Company.

2.80 Insurance Coverage means the defense, indemnity and other insurance coverages, not reduced to settlement proceeds, available to the Debtor or any Participating Third Party with respect to Tort Claims, Future Tort Claims, or any Other Tort and Employee Claims or any other Claims under any Insurance Policy and which includes the Jesuit Safeco Insurance Policy Claims.

2.81 Insurance Policy means any liability insurance or sexual misconduct policy naming the Debtor or any Participating Third Party as an insured, in effect on or before the Confirmation Date upon which any Claim has been or may be made, with respect to any Tort Claim or Future Tort Claim.

2.82 Jesuits means the Society of Jesus, Oregon Province, which is a religious order of men within the Roman Catholic Church and which is a debtor in a Chapter 11 case pending in the United States Bankruptcy Court for the District of Oregon, Case No. 09-30938.

2.83 Jesuit Fault Allocation Claims means every Claim the Debtor has against the Jesuits, including, but not limited to, all Contribution Claims.

2.84 Jesuit Safeco Insurance Policies Claims means any and all Claims of CBNA or any other Settling Party against Safeco Insurance Company for any defense, indemnity and other insurance coverages, available to the Debtor or any Participating Third Party with respect to any Tort Claims or Future Tort Claims, as a result of any insurance policies issued to the Jesuits.

2.85 Jesuit Unsecured Claims means the General Unsecured Claims asserted by the Jesuits against CBNA and designated as Claim Nos. 16, 17 and 20 in the Claims Docket of the Reorganization Case.

2.86 Litigation Protocol means the litigation procedures described in Section 13.5 of the Plan and in the Litigation Trust Agreement.

2.87 Litigation Reserve means the reserve that may be established pursuant to agreement between the Debtor and the Committee prior to the Confirmation Hearing, if any Tort Claimant opts out of treatment as a Settling Tort Claimant pursuant to the Plan and the Ballot. The Litigation Reserve will take the place of the Litigation Trust and will be held and administered by the Settlement Trustee as part of the Settlement Trust. In the event a Litigation Reserve is established, the Litigation Reserve will function and be administered in the same manner as the Litigation Trust. The allocation of the funding between the Litigation Trust (or the Litigation Reserve) and the Settlement Trust will be approved as part of the confirmation process. Either the Debtor and the Committee will agree on the allocation and such agreement

will be approved by the Bankruptcy Court and incorporated into the Confirmation Order or, if the Committee and the Debtor cannot agree on the allocation, the Bankruptcy Court will decide the allocation as part of the confirmation process and such allocation as determined by the Bankruptcy Court.

2.88 Litigation Tort Claim means the Tort Claims of Tort Claimants who opt out of the Settlement Trust and elect to litigate their Tort Claims pursuant to Section 13.5 of the Plan.

2.89 Litigation Tort Claimant means a Tort Claimant who has expressly elected on his or her Ballot to have his or her Tort Claim determined and liquidated under the Litigation Protocol and, if Allowed, to accept pro rata payment from the Litigation Trust as the sole source of payment, compensation and satisfaction for his or her Tort Claim.

2.90 Litigation Trust means the trust which may be established pursuant to the Litigation Trust Agreement if no Litigation Reserve is established, and which will:

- (a) receive, hold and invest funds from the Fund allocated to the Litigation Trust pursuant to the terms of the Plan;
- (b) issue payments and disburse funds as provided in the Litigation Trust Agreement and the Plan;
- (c) participate in the litigation as the defendant (through the Settlement Trustee) with respect to any Litigation Tort Claimants;
- (d) participate in the litigation as the defendant (through the Settlement Trustee) with respect to any Future Tort Claims if the Future Claimant elects to opt out of the Settlement Trust in accordance with the Plan and the Plan Documents;
- (e) establishes the Trust Administrative Expense Reserve; and
- (f) pay the costs of such litigation from the Trust Administrative Expense Reserve.

The Litigation Trust will qualify to be a "Qualified Settlement Fund" pursuant to applicable provisions of the Internal Revenue Code.



2.91 Litigation Trust Agreement means the agreement creating the Litigation Trust if one is established in accordance with Article 13 of the Plan, which, if established will be funded by that portion of the Fund allocated to the Litigation Trust, and from which the Claims of Litigation Tort Claimants (or the Claims of any Future Tort Claimants, if applicable) will be paid and satisfied and which will be administered by the Settlement Trustee. If a Litigation Trust is established because one or more Tort Claimants opts out of the Settlement Trust as provided in the Plan, the Ballot and any order of the Bankruptcy Court, then the Litigation Trust Agreement will be filed with the Court no later than five (5) calendar days prior to the Confirmation Hearing and become a part of the Plan; provided, however, that nothing contained in the Plan or the Disclosure Statement will preclude the Debtor and the Committee from agreeing that the Litigation Reserve can be established within the Settlement Trust. If the Debtor and the Committee agree that the Litigation Reserve is to be established within the Settlement Trust, the Settlement Trust Agreement will be modified to so provide, and the modifications will be filed with the Court no later than five (5) calendar days prior to the Confirmation Hearing and become a part of the Plan and the Settlement Trust. In all events, the trustee of the Litigation Trust will be the Settlement Trustee.

2.92 Monroe Foundation means that certain Alaska non-profit corporation which raises money to benefit the Catholic Schools of Fairbanks and whose primary offices are located at 615 Monroe St., Fairbanks, Alaska 99701.

2.93 Monroe Foundation Settlement means the settlement between the Debtor and the Monroe Foundation, as more particularly described in the Monroe Foundation Settlement Agreement.

2.94 Monroe Foundation Settlement Agreement means that certain settlement agreement between the Debtor and the Monroe Foundation which is incorporated into and will be made a part of the Plan pursuant to Article 22 of the Plan. The Monroe Foundation Settlement Agreement will be filed with the Court at least twenty (20) days prior to the Confirmation Hearing.



2.95 Other Secured Claims means all Secured Claims against the Debtor which are not Secured Tax Claims or which are not separately classified under the Plan.

2.96 Other Tort and Employee Claims means any and all Claims, demands, suits, causes of action, proceedings or any other rights or asserted right to payment heretofore, now or hereafter asserted against the Debtor, whether or not reduced to judgment, for property damage, liability or workers compensation for which CBNA is or may be liable (directly or indirectly), whether arising from tort, contract or workers compensation for which there is Insurance Coverage, including but not limited to, any Claim for which CBNA has a self-insured retention, but excluding Tort Claims, Future Tort Claims and any Claims of employees entitled to priority pursuant to Bankruptcy Code § 507. Other Tort and Employee Claims are Unsecured Claims.

2.97 Parish means any one of the forty-six (46) Roman Catholic ecclesiastical entities designated by the Diocesan Bishop as established stable communities of the Christian faithful that have been entrusted to a proper pastor.

2.98 Parish Church means each of those forty-six (46) civil law unincorporated associations located within the territory of the Diocese that function as the civil law embodiment of the canonical juridic persons known as a Parish including, but not limited to, and without limitation, all missions, churches, schools and other institutions within a Parish Church or which form a part of the operations of any of the Parish Churches. Notwithstanding the Committee's joinder in the Plan as a co-proponent, the Committee's joinder in the Plan does not constitute an admission by the Committee that the Parish Churches are unincorporated associations.

2.99 Parish Real Property means all real property owned by a Parish:

(a) for which CBNA holds bare legal title in trust for the benefit of the Parish;

(b) in which CBNA has no beneficial, equitable or other proprietary interest;

(c) in which the Parish, for whose benefit such real property is held, has all equitable, proprietary and beneficial interest; and

(d) which is part of the temporal goods of the Parish as a juridic person under Canon Law and any applicable equivalent civil law entity.

2.100 Parish Settlement means the settlement among the Debtor on the one hand, and the Parish Churches and affiliated entities on the other hand, as set forth in the Parish Settlement Agreement.

2.101 Parish Settlement Agreement means that certain settlement agreement among the Debtor on the one hand, and the Parish Churches and affiliated entities on the other hand, which will be incorporated into and made a part of the Plan pursuant in Article 22. The Parish Settlement Agreement will be filed with the Court at least twenty (20) days prior to the Confirmation Hearing.

2.102 Participating Third Parties means any Co-Defendant or any other Person, including, but not limited to the Parish Churches, the Monroe Foundation, the CTNA and Continental, who contribute funds to the Estate (or the Fund) to be used to pay Allowed Tort Claims or Allowed Future Tort Claims, in exchange for and in consideration of, among other things, the channeling injunction to be provided for in Section 21.5 of the Plan. Any agreement whereby a Person or Co-Defendant becomes a Participating Third Party, will be subject to approval by the Bankruptcy Court; provided, however, that the Society of Jesus and its related parties, the Jesuits and its related parties, and the individuals identified in Exhibit "B" or any priests or others against whom CBNA or the Settlement Trustee has determined or may, in the future, determine, that there are credible allegations of sexual abuse asserted against such Person(s) will not be eligible to be Participating Third Parties under the Plan.

2.103 Parties means any Released Parties, any Settling Parties, CBNA, the Diocese, the Reorganized Debtor, the Settlement Trustee, the Settlement Trust, the Litigation Trust (if any), the Special Arbitrator and their respective civil law and Canon Law predecessors, successors, officials, shareholders, subsidiaries, officers, directors, divisions, affiliates, representatives, agents, employees, attorneys, merged or acquired companies or operations or assigns, but **EXCLUDING** the Society of Jesus and any of its affiliates or related parties, the Jesuits and any

of its affiliates or related parties; further **EXCLUDING** any individuals identified in Exhibit "B" to the Plan or any priests or others against whom CBNA or the Settlement Trustee has determined or may, in the future, determine, that there are credible allegations of sexual abuse asserted against such Person(s); and further **EXCLUDING** any affiliates of CBNA or the Diocese who are not organized and functioning within the territory of the Diocese. By way of clarification, the term affiliates as used in this definition is not limited to the definition of "affiliate" as defined in the Bankruptcy Code nor would the term "affiliates" as used in this definition include any other diocese or archdioceses unless such diocese or archdiocese is the subject of an agreement whereby such diocese or archdiocese becomes a Participating Third Party.

2.104 Penalty Claims means any Claims for any fine, penalty, forfeiture, multiple damages, punitive damages, or exemplary damages, including, but not limited to, any such Claims not meant to compensate the claimant for actual pecuniary loss.

2.105 Petition Date means March 1, 2008, which is the filing date of the voluntary Chapter 11 petition commencing the Reorganization Case.

2.106 Pilgrim Springs Auction means the auction sale of the Pilgrim Springs Property to be conducted pursuant to the Plan, but after the Confirmation Hearing, whereby the Pilgrim Springs Property will be sold free and clear of all liens, claims, interests and encumbrances, including the Pilgrim Springs Claims, but subject to the UAF License, to the bidder submitting the highest and best bid.

2.107 Pilgrim Springs Claims means: (i) all Claims of whatever nature asserted by Pilgrim Springs, Ltd. in Proof of Claim No. 21, filed in the Reorganization Case, including any amendments or modifications thereto and any other Claims or causes of action that Pilgrim Springs, Ltd. might or could assert against CBNA; and (ii) all Claims of whatever nature asserted by Louis H. and Nancy E. Green in the Proof of Claim No. 23 filed in the Reorganization Case, including any amendments or modifications thereto and any other Claims or causes of action that Louis H. and Nancy E. Green might or could assert against CBNA.

2.108 Pilgrim Springs Property means the three hundred twenty (320) acre enclave of real property and improvements owned in fee simple by CBNA and located in western Alaska, about 75 km (~46 miles) north of Nome and where CBNA is currently investigating the exploration, characterization, and development of the geothermal resources underlying the Pilgrim Springs Property or such other use as may be appropriate for the Pilgrim Springs Property.

2.109 Pilgrim Springs Setoff Claims means all Claims, demands, damages, causes of action, cross-claims, counterclaims, rights of setoff and rights of recoupment against Pilgrim Springs, Ltd. and Louis H. and Nancy E. Green, arising out of, related to or pertaining to the Pilgrim Springs Property.

2.110 Plan means the "Third Amended and Restated Joint Plan of Reorganization For Catholic Bishop Of Northern Alaska" dated December 16, 2009 and every restatement, amendment, or modification thereof, if any, filed by the Debtor and the Committee.

2.111 Plan Documents means the Settlement Trust Agreement, the Litigation Trust Agreement if one is proposed, and all other documents and exhibits as the same may be amended, modified, supplemented, or restated from time to time, that aid in effectuating the Plan, which documents and exhibits will be filed by the Debtor with the Court on or before a date that is ten (10) days prior to the Confirmation Hearing or such other date as determined by the Court, the Plan or agreed to by the Debtor and the Committee.

2.112 Post-Effective Date Secured Tax Claims means every whole or prorated portion of a Secured Tax Claim which arises on or after the Effective Date, and which will be paid in the ordinary course of business of the Reorganized Debtor.

2.113 Preliminary Distribution means the Pro Rata distribution to be made by the Settlement Trustee of the Cash in the Settlement Trust less the Administrative Trust Reserve and any other reserves allowed pursuant to the Plan or the Settlement Trust Agreement. The date for determination of the amount of the Preliminary Distribution will be the date that the Special Arbitrator has finally determined every Settling Tort Claimant's share of the Settlement Trust.

The Pro Rata share of each Settling Tort Claimant's share of the Preliminary Distribution will be based upon the formula set forth in Section 13.4 of the Plan.

2.114 Prepetition Date Secured Tax Claims means every whole or prorated portion of a Secured Tax Claim which arises before and up to the Petition Date, and which will be classified and paid under the Plan, as the Plan provides for Class 2 Claims.

2.115 Priority Employee Unsecured Claim means every Unsecured Claim of an employee of CBNA for vacation or sick leave pay, which is otherwise entitled to priority pursuant to Bankruptcy Code § 507(a)(4)(A).

2.116 Priority Tax Claim means every Unsecured Claim or portion thereof, which is entitled to priority pursuant to Bankruptcy Code § 507(a)(8).

2.117 Priority Unsecured Claim means every Unsecured Claim or portion thereof, which is not an Administrative Claim, a Priority Tax Claim or a Priority Employee Unsecured Claim and which is entitled to priority under any applicable provision of Bankruptcy Code § 507.

2.118 Pro Rata means proportionate, and when applied to a Claim, means the ratio of the consideration distributed on account of an Allowed Claim in a Class, to the amount of consideration distributed on account of all Allowed Claims in such Class.

2.119 Professional Charges means the Allowed interim and final professional fees and expenses charged by the Debtor's Professionals, the Committee's Professionals, the Future Claims Representative, and the Future Claims Representative's Professionals.

2.120 Proof of Claim means the form used by a Creditor on which the specifics of a Claim are set forth as required by the Bankruptcy Code and the Bankruptcy Rules, and which is filed in accordance with the procedures contained in the Bar Date Order.

2.121 Property Tax Administrative Claim means every Claim of any state or local governmental unit which is an Administrative Claim for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, and every prorated portion thereof arising on and after the Petition Date until the Effective Date. Allowed Property Tax Administrative Claims will be classified and paid as Administrative Claims.

2.122 Property Tax Claims means collectively: (a) every Property Tax Administrative Claim; (b) every Prepetition Date Secured Tax Claim; and (c) every Post-Effective Date Secured Tax Claim.

2.123 Property Tax Claims Proration means the proration of Property Tax Claims as of the Effective Date, so that: (a) Post-Effective Date Secured Tax Claims will be paid by the Reorganized Debtor in the ordinary course of its business; (b) Prepetition Date Secured Tax Claims will be paid by the Debtor or the Reorganized Debtor as provided for Class 2 Claims under the Plan; and (c) Property Tax Administrative Claims will be paid by the Debtor or the Reorganized Debtor as provided for Administrative Claims under the Plan.

2.124 Qualified Counsel means an attorney representing a Person asserting an Allowed Settling Tort Claim who has entered into an enforceable written retainer or fee agreement with such holder on or before the Effective Date, and has provided the Settlement Trustee with a copy of the agreement and a declaration under penalty of perjury that no fees or costs are to be repaid to the client or any insider or affiliate of the client; provided that such attorney agrees that the attorney's receipt of Qualified Counsel Fees is credited against the fees owed by the Allowed Settlement Tort Claimant.

2.125 Qualified Counsel Fees means the amount to be subtracted from the Settlement Trust in an amount equal to the actual fees and reimbursable expenses payable to Qualified Counsel pursuant to written retainer or fee agreements between Qualified Counsel and a Tort Claimant. Before any distribution(s) to any Settling Tort Claimant with an Allowed Tort Claim, the Settlement Trustee will subtract all Qualified Counsel Fees.

2.126 Released Parties means the Diocese, the Committee, the Future Claims Representative, and all of their respective present or former civil law and Canon Law members, officials, representatives, managers, officers, directors, employees, consultants, advisors, attorneys, or agents acting in such capacity, and the Debtor's Professionals, Committee's Professionals and Future Claims Representative's Professionals but **EXCLUDING** the Society of Jesus, the Society of Jesus Oregon Province and its affiliates or any related parties to the THIRD AMENDED JOINT PLAN OF REORGANIZATION



Society of Jesus or the Jesuits and further **EXCLUDING** individuals listed in Exhibit "B" or any priests or others against whom CBNA or the Settlement Trustee has determined or may, in the future, determine, that there are credible allegations of sexual abuse asserted against such Person(s).

2.127 Reorganization Case means the case under Chapter 11 of the Bankruptcy Code, which was commenced by the filing of a voluntary Chapter 11 petition by CBNA on the Petition Date.

2.128 Reorganized Debtor means CBNA, from and after the Effective Date. Unless otherwise expressly stated or the context otherwise requires, references to "the Debtor and the Reorganized Debtor" and references to "the Debtor or the Reorganized Debtor" throughout various provisions of the Plan, are an effort to anticipate whether an event may occur before or after the Effective Date. In this regard, and generally for purposes of the Plan, any written agreement made by the Debtor as part of the Plan before the Effective Date (unless provided otherwise), will survive the Confirmation Date and the Effective Date and will bind both the Reorganized Debtor and every other party to such agreement (including, but not limited to, the provisions of the Plan as confirmed).

2.129 Retained Claims means the Claims, demands, causes of action, cross-claims and counterclaims, including, but not limited to, all Avoidance Actions that are not otherwise settled pursuant to the Plan or agreements approved by the Bankruptcy Court on or prior to the Effective Date, all Contribution Actions, the Jesuit Fault Allocation Claims, the Jesuit Safeco Insurance Policies Claims, the Claims against North Mail, the Claims against all Insurance Companies not assigned to the Settlement Trust, including, but not limited to, any Claims against Insurance Companies who issued insurance policies to the Jesuits and pursuant to which the Debtor or the Reorganized Debtor may assert coverage Claims, and the Pilgrim Springs Setoff Claims.

2.130 Secured Claim means every Claim or portion thereof, which is asserted by the Creditor holding such Claim to be secured by a lien, security interest, or assignment, encumbering property in which the Debtor has an interest and including any right to setoff



asserted by a Creditor that is treated as a Secured Claim under the Bankruptcy Code, but only to the extent of the validity, perfection, and enforceability of the claimed lien, security interest, or assignment, and the value of the interest of the Creditor holding such Claim against such property of the Debtor.

2.131 Secured Tax Claim means every Claim of any federal, state, or local governmental unit, which is asserted by such governmental unit holding such Claim, which is secured by property of the Estate by operation of applicable non-bankruptcy laws, including, but not limited to, every such Claim for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, and further including, but not limited to, both the Prepetition Date Secured Tax Claims and the Post-Effective Date Secured Tax Claims, but only to the extent of the validity, perfection, and enforceability of the claimed lien, security interest, or assignment, and the value of the interest of the governmental unit holding such Claim against the Debtor and only to the extent that such Secured Tax Claim does not relate to Parish Real Property. Any Claims for unpaid real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes pertaining to a Parish or Parish Real Property, will be paid by the Parish owning such Parish Real Property or other property pertaining to such tax.

2.132 Settlement Amount means the amount of an Allowed Settlement Tort Claim, to be determined through either a Claim Allowance Agreement or the Settlement Amount Determination Process and memorialized in an Arbitration Award.

2.133 Settlement Trust means the trust established pursuant to the Settlement Trust Agreement, from which the Allowed Claims of Settling Tort Claimants will be paid and satisfied, and which will be used for:

(a) receiving, holding and investing funds from the Fund allocated to the Settlement Trust pursuant to the terms of the Plan;

(b) receiving and holding Allowed Settling Tort Claims;

(c) receiving and holding the Debtor's claims against Great Divide

Candidate Insurers;

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(d) issuing payments and disbursing funds as provided in the Settlement Trust Agreement and the Plan;

(e) establishing the Future Claims Reserve (unless the Future Tort Claimant opts out of the Settlement Trust);

(f) establishing the Trust Administrative Expense Reserve for the Settlement Trust;

(g) issuing payments and disbursing funds as provided in the Settlement Trust Agreement or the Plan, on account of the Claims of Settling Tort Claimants;

(h) paying the administrative costs as provided in the Settlement Trust Agreement including the costs, fees and expenses of the Settlement Trustee and the Special Arbitrator from the Trust Administrative Expense Reserve for the Settlement Trust Reserve; and

(i) holding the assigned Allowed Settling Tort Claims and the deemed assignment of any Settling Tort Claimants' Claims against the Great Divide Candidate Insurers; and

(j) holding the Debtor's Claims against the Great Divide Candidate Insurers.

The Settlement Trust will qualify to be a "Qualified Settlement Fund" pursuant to applicable provisions of the Internal Revenue Code.

2.134 Settlement Trust Agreement means the agreement creating the Settlement Trust to be established in accordance with Section 13.1 of the Plan.

2.135 Settlement Trustee means Robert L. Berger, the trustee under the Settlement Trust Agreement, appointed by the Court in the Confirmation Order. The Settlement Trustee will also be the Litigation Trustee if a Litigation Trust is established pursuant to the Plan or any modifications to the Plan, prior to the Confirmation Date; provided, however, that the Settlement Trustee may also act as for and on behalf of the Litigation Trust if one is established.

2.136 Settling Insurers means those Insurance Companies that have reached settlements with CBNA prior to the Effective Date, and any Insurance Company that may reach a settlement with CBNA (or the Settlement Trustee if the Insurance Actions are assigned) with respect to any Insurance Actions after the Effective Date. Any Settling Insurer, in exchange for the Settling Insurer's contribution to the Fund as agreed upon among the Settling Insurer, CBNA and the Committee and approved by the Bankruptcy Court, will obtain the benefit of an injunction provided for in Section 21.5 of the Plan and will be a Settling Party. The terms of any settlement with a Settling Insurer, if not previously approved by the Bankruptcy Court pursuant to Bankruptcy Rule 9019 or such other provisions of the Bankruptcy Code or Bankruptcy Rules as may be set forth in any such settlement, will be approved at the Confirmation Hearing and pursuant to the Confirmation Order. Any agreement to become a Settling Insurer entered into between the filing of the Plan and the Effective date must be with both the Debtor and the Committee. If an Insurer reaches an agreement with the Settlement Trustee in order to become a Settling Insurer after the Effective Date, it will be approved by the Bankruptcy Court pursuant to its retained jurisdiction. A Settling Insurer will obtain the benefit of the injunction to be issued pursuant to Section 21.5 of the Plan regardless of whether an Insurer becomes a Settling Insurer before or after the Effective Date. As of the date of the Plan, Alaska National Insurance Company is the only Settling Insurer.

2.137 Settling Parties means Participating Third Parties and Settling Insurers and their civil law and Canon Law respective predecessors, successors, officials, employees, officers, custodians, shareholders, subsidiaries, divisions, affiliates, representatives, attorneys, merged or acquired companies or operations or assigns of the Settling Insurers and the Participating Third Parties.

2.138 Settling Tort Claimant means any holder of a Settling Tort Claim.

2.139 Settling Tort Claim means any and all Tort Claims that are subclassified as Settling Tort Claims under Section 13.1 of the Plan.

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2.140 Special Appeal means the special appeal to the Alaskan Shepherd donors for restricted donations solicited annually for two (2) years with the first such appeal occurring on the first (1<sup>st</sup>) anniversary of the Effective Date and the second such appeal occurring on the second (2<sup>nd</sup>) anniversary of the Effective Date. The first \$150,000 of net contributions received from donors and restricted to the special appeal, after deducting the cost of solicitation and processing, will be used to fund counseling for Tort Claimants. Any net contributions after the first \$150,000, will be paid to the Settlement Trust to be held and distributed pursuant to the terms of the Settlement Trust and the Plan.

2.141 Special Arbitrator means the Honorable William L. Bettinelli (retired) to be appointed by the Court in the Confirmation Order to conduct the Binding Arbitration Process that will liquidate Allowed Settlement Tort Claims and will determine each Settling Tort Claimant's proportionate share of the Settlement Trust and, if applicable, each Future Tort Claimant's proportionate share of the Future Claims Reserve.

2.142 Tort Claim means any and all Claims for damages, including punitive damages, for attorneys' fees and other expenses, fees or costs and for any equitable remedy asserted against the Debtor, any Released Parties, any Settling Parties, the Settlement Trustee, the Settlement Trust, or the Litigation Trust related to bodily injuries or personal injuries, including emotional distress, mental distress, mental anguish, shock or humiliation caused by or related to: (a) acts of sexual abuse committed by any cleric, employee, volunteer or other person associated with the Debtor, the Diocese, any Parish or any affiliated entity within the territory of the Diocese; (b) the failure of the Debtor or the Diocese to properly hire, install and/or supervise any cleric, any volunteer, or any other employee of or person associated with the Debtor, the Diocese, a Parish or any affiliated entity within the territory of the Diocese; (c) the processing, adjustment, defense, settlement, payment, negotiation or handling of any Claims, demands, suits, proceedings or causes of action based upon or relating in any way to the Claims made as a result of any abuse or other Tort Claim asserted by a Tort Claimant; or (d) the failure to warn, disclose or provide information concerning the sexual abuse or other misconduct of clergy, other

employees or volunteers or persons associated with the Debtor, the Diocese, the Parishes or any affiliated entities within the territory of the Diocese. Subject to the limitations contained in the Plan and except for purposes of treatment and payment under the Plan, Tort Claims include Future Tort Claims when they are asserted by Future Tort Claimants.

2.143 Tort Claimant means a Person who asserts a Tort Claim.

2.144 Trust Administrative Expense Reserve means the reserve to be established on the Effective Date and maintained thereafter by the Settlement Trustee (as to the Settlement Trust and Litigation Trust, respectively), to pay the costs of administering the Settlement Trust and the Litigation Trust including, but not limited to, the applicable Settlement Trustee's fees, and legal and accounting fees, the fees, costs and expenses of the Special Arbitrator, the fees, costs and expenses of CBNA in the Insurance Actions after November 1, 2009; provided, however, that the fees, costs and expenses of CBNA in the Insurance Actions will not exceed \$60,000 between November 1, 2009 and November 19, 2009, and further, provided, however that the fees, costs and expenses of CBNA in the Insurance Actions will only be paid from the Trust Administrative Expense Reserve if summary judgment is granted on either of the two motions at Docket Nos. 99 and 103 in the Adversary Proceeding No.08-90019, or if CBNA and the Committee, or the Settlement Trustee (after the Effective Date) settles with one or more of the Great Divide Candidate Insurers.

2.145 UAF License means that certain two year License granted to the University of Alaska Fairbanks to enter upon the Pilgrim Springs Property to conduct geothermal research pursuant to that certain \$4.6 million Department of Energy grant.

2.146 Uniform Questionnaire means the questionnaire to be drafted by the Special Arbitrator, containing a fixed set of questions that will be distributed to each and every Settling Tort Claimant on or before the Effective Date. The content of the questionnaire will be in his or her sole discretion. In determining the questions, the Special Arbitrator may, but is not required to, consider the suggestions of the Debtor, the Reorganized Debtor, the Great Divide Candidate

Insurers, the Tort Claimants and the Committee. The Special Arbitrator will utilize the responses to the Uniform Questionnaires to assist him or her in evaluating the Settling Tort Claims.

2.147 Unsecured Claim means every Claim, or portion thereof, which is not a Secured Claim, regardless of the priority of such Claim.

### ARTICLE 3

#### UNCLASSIFIED CLAIMS

3.1 Administrative Claims. The holder of an Allowed Administrative Claim will receive, in full satisfaction of such Claim: (a) a single Cash payment in the Allowed amount of the Claim on the Effective Date (or the applicable Claim Payment Date); or (b) as otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court. Every Allowed Administrative Claim for an expense of operation of the Debtor incurred in the ordinary course of such operations will be paid fully and in Cash in the ordinary course of business (including any payment terms applicable to any such expense).

3.2 Priority Unsecured Claims. The holder of every Allowed Priority Unsecured Claim will be paid, in full satisfaction of such Claim: (a) a single Cash payment in the Allowed amount of the Claim on the Effective Date (or the applicable Claim Payment Date); or (b) as otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court.

3.3 Priority Tax Claims. The holder of every Allowed Priority Tax Claim, will be paid, in full satisfaction of such Claim pursuant to the provisions of Bankruptcy Code § 1129(a)(9)(C): (a) in deferred Cash payments over a period of five (5) years from the Petition Date, to be paid in equal quarterly installments of principal and interest; (b) the first payment to be made on the first Business Day after the day which is ninety (90) days after the later of the Effective Date or the Claim Payment Date; and (c) each payment thereafter to be paid on the first Business Day of each succeeding quarter until paid in full; provided, however, that the entire unpaid amount of the Allowed Priority Tax Claim, together with any interest accrued thereon,



will be paid in full on the date which is five (5) years after the Petition Date; or (d) as otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court.

3.4 Elimination of Claim. To the extent there are no amounts owing on the Effective Date for any Priority Unsecured Claims and/or any Priority Tax Claims, such treatment as set forth above will be deemed automatically eliminated from the Plan.

#### ARTICLE 4

##### CLASSIFICATION OF CLAIMS

4.1 Classification. All Claims are classified under the Plan as hereafter stated in this Article 4; provided, however, that, a Claim will be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim qualifies within the description of such different Class. As of the Confirmation Hearing, any Class of Claims which does not contain any Creditor's Claims will be deemed deleted automatically from the Plan, and any Class of Claims which does not contain an Allowed Claim (or a Claim temporarily or provisionally Allowed by the Bankruptcy Court for voting purposes) will be deemed automatically deleted from the Plan with respect to voting on confirmation of the Plan.

4.2 Classes. For purposes of the Plan, Claims against the Debtor are hereby classified in the following Classes in accordance with Bankruptcy Code § 1122(a) as follows:

Class 1 – Priority Employee Unsecured Claims

Class 2 – Prepetition Date Secured Tax Claims

Class 3 – Other Secured Claims

Class 4 – Great Falls Secured Claim

Class 5 – Annuity Secured Claims

Class 6 – General Unsecured Convenience Claims

Class 7 – Jesuit Unsecured Claims

Class 8 – General Unsecured Claims

Class 9 – Other Tort and Employee Claims



Class 10 – Tort Claims and Future Tort Claims

Class 11 – Insurance and Benefit Claims

Class 12 – Continental Claims

Class 13 – Pilgrim Springs Claims

Class 14 – Penalty Claims

## ARTICLE 5

### **TREATMENT OF CLASSES OF CLAIMS WHICH ARE NOT IMPAIRED UNDER THE PLAN**

5.1 Priority Employee Unsecured Claims – Class 1. No holder of an Allowed Priority Employee Unsecured Claim will receive any Cash on account of such Claim. All Allowed Priority Employee Unsecured Claims will be satisfied, in full, in accordance with the policies and procedures regarding vacation and sick leave pay in effect at CBNA at the time such Priority Employee Unsecured Claim becomes matured and liquidated; provided, however, that CBNA reserves the right to review the policies and procedures regarding vacation and sick leave pay and to propose modifications to those policies and procedures to become a part of the Plan or after the Effective Date. To the extent CBNA proposes any changes to such policies and procedures that become part of the Plan and would be retroactive, CBNA will modify the Plan to include such changes and give notice to the holders of any Priority Employee Unsecured Claims at least ten (10) days before the Confirmation Hearing. In that event, the holders of the Priority Employee Unsecured Claims will be impaired and the Plan will be modified to so state.

5.2 Annuity Secured Claims – Class 5. The legal, equitable and contractual rights of holders of Allowed Annuity Secured Claims in Class 5 will either: (a) not be altered by the Plan; or (b) at the option of the Debtor, be treated in any other manner that will result in such Allowed Annuity Secured Claims being deemed unimpaired under Bankruptcy Code § 1124, including, but not limited to, the retention by the holder of an Allowed Other Secured Claim of the lien on his/her/its collateral to the extent of his/her/its Allowed Annuity Secured Claim.

5.3 Insurance and Benefit Claims – Class 11. The holders of Allowed Insurance and Benefit Claims will retain their Claims, if any, against the Reorganized Debtor and the Plan will either: (a) leave unaltered the legal, equitable and contractual rights to which such Claims entitle the holders thereof; or (b) at the option of the Debtor, treat such Allowed Insurance and Benefit Claims in any other manner that will result in such Allowed Insurance and Benefit Claims being deemed unimpaired under Bankruptcy Code § 1124. All such Insurance and Benefit Claims will be determined in accordance with the provisions of any benefit plans, policies and procedures of CBNA and the documents evidencing the plans pursuant to which such Insurance and Benefit Claims arise and applicable law.

## ARTICLE 6

### **TREATMENT OF CLASS 2 CLAIMS (PREPETITION DATE SECURED TAX CLAIMS)**

6.1 Distribution. All Class 2 Claims, as and when they are Allowed Claims, will be treated as fully Secured Claims and will be paid fully and in Cash as follows:

(a) In order to compute the Prepetition Date Secured Tax Claims, which are the Class 2 Claims, the Property Tax Claims Proration will be conducted as of the Effective Date, if necessary. The Prepetition Date Secured Tax Claims, which are Allowed Claims, will bear interest from and after the Effective Date until they are paid in full, at the rate of two percent (2%) per annum or such other rate as ordered by the Bankruptcy Court.

(b) The Allowed Class 2 Claims, including interest thereon from and after the Effective Date, will be paid in two equal installments. The first installment will be paid on the first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date. The second installment will be paid on the first Business Day of the sixth (6th) month after the Effective Date or the applicable Claim Payment Date.

(c) No penalties will be paid on any of the Allowed Class 2 Claims.

6.2 Disputed Claims. Notwithstanding the pendency of any appeal to any state or local taxing authorities of a determination of property taxes or assessments on the Petition Date, nothing contained herein will prohibit the Debtor from exercising its rights pursuant to Bankruptcy Code § 505 and having the Class 2 Claim(s) determined by the Bankruptcy Court to the extent that any Class 2 Claims are Disputed Claims.

6.3 Retention of Liens. Each Creditor holding a Class 2 Allowed Claim will retain its lien(s) on its collateral to the extent of its Class 2 Allowed Secured Claim.

6.4 Other Claims. The Reorganized Debtor will pay the Post-Effective Date Secured Tax Claims in the ordinary course of its business operations after the Effective Date. All Property Tax Administrative Claims will be paid as Administrative Claims pursuant to the Plan.

## ARTICLE 7

### TREATMENT OF CLASS 3 CLAIMS (OTHER SECURED CLAIMS)

7.1 Distribution. All Class 3 Claims, as and when they are Allowed Claims, will be treated as fully Secured Claims and will be paid fully and in Cash as follows:

(a) The Other Secured Claims which are Allowed Claims will bear interest from and after the Effective Date until they are paid in full at the rate of two percent (2%) per annum or such other rate as ordered by the Bankruptcy Court.

(b) The Allowed Class 3 Claims, including interest thereon from and after the Effective Date, will be paid in two equal installments. The first installment will be paid on the first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date. The second installment will be paid on the first Business Day of the sixth (6th) month after the Effective Date or the applicable Claim Payment Date.

(c) No penalties will be paid on any of the Allowed Class 3 Claims.

7.2 Retention of Liens. Each Creditor holding a Class 3 Allowed Claim will retain its lien(s) on its collateral to the extent of its Class 3 Allowed Secured Claim.

## ARTICLE 8

### TREATMENT OF CLASS 4 CLAIMS (GREAT FALLS SECURED CLAIM)

8.1 Distribution. The Great Falls Secured Claim will be paid fully and in Cash in accordance with the provisions of the agreements between Great Falls and CBNA with respect to the Great Falls DIP Loan, provided, however, that CBNA will have the option to extend the term of the Great Falls DIP Loan for an additional five (5) years as follows:

(a) No later than May 31, 2019, CBNA will give written notice to Great Falls of its intent to exercise the option provided for under the Plan to extend the term of the Great Falls Promissory Note for an additional five (5) years, for a new remaining term of fifteen (15) years and a total term of twenty-five (25) years (as opposed to the current term of twenty (20) years) accompanied by an extension fee of \$7,500.00.

(b) If CBNA exercises the option to extend the term of the Great Falls DIP Loan as provided herein, the monthly payments due pursuant to the Great Falls Promissory Note will be reamortized beginning with the payment due in the second (2nd) month succeeding the month in which the notice to extend was given and receipt of the extension fee by Great Falls.

(c) All other terms and conditions of the Great Falls DIP Loan, except as specifically modified by the Plan, will remain the same and in full force and effect, including, but not limited to, the interest rate provided for under the Great Falls Promissory Note.

8.2 Impairment. The Class 4 Great Falls Secured Claims are impaired under the Plan.

## ARTICLE 9

**TREATMENT OF CLASS 6 CLAIMS**  
**(GENERAL UNSECURED CONVENIENCE CLAIMS)**

9.1 Distribution. Every Creditor holding an Allowed Class 6 Claim will be paid in two equal installments. The first installment will be paid on the first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date. The second installment will be paid on the first Business Day of the sixth (6th) month after the Effective Date or the applicable Claim Payment Date.

9.2 Interest. There will be no interest payable on the General Unsecured Convenience Claims.

9.3 Impairment. The Class 6 Claims are impaired pursuant to the Plan.

**ARTICLE 10**

**TREATMENT OF CLASS 7 CLAIMS**  
**(JESUIT UNSECURED CLAIMS)**

10.1 Distribution. If and when Allowed, the Debtor or the Reorganized Debtor will setoff against the Jesuit Unsecured Claims against any recoveries in favor of the Debtor or the Reorganized Debtor for Claims against the Jesuits, on account of the Jesuit Fault Allocation Claims. The Jesuits will not receive or retain anything on account of the Plan except and only to the extent that the amount of the Jesuit Fault Allocation Claims do not exceed any Allowed Jesuit Unsecured Claims. If there are any remaining unsatisfied Allowed Jesuit Unsecured Claims after such setoff, the Allowed Jesuit Unsecured Claims will be paid the lesser of the amount owed after setoff or ten thousand dollars (\$10,000) within (60) days after a Final Order is entered allowing any Jesuit Unsecured Claims and determining the amount of any setoff.

10.2 Setoff Prior to Assignment or Distribution. The setoff of any Allowed Jesuit Unsecured Claims will occur prior to the distribution of any recoveries to the Fund on account of the Jesuit Fault Allocation Claims, in accordance with the terms of the Plan. The Committee and CBNA will agree on whether the Settlement Trustee or CBNA will pursue the Jesuit Fault

Allocation Claims and provide notice of such agreement prior to the commencement of the Confirmation Hearing.

10.3 Interest. There will be no interest payable on the Allowed Jesuit Unsecured Claims.

10.4 Impairment. The Class 7 Jesuit Unsecured Claims are impaired under the Plan.

## ARTICLE 11

### **TREATMENT OF CLASS 8 CLAIMS (GENERAL UNSECURED CLAIMS)**

11.1 Distribution. Each holder of a Class 8 General Unsecured Claim, as and when such General Unsecured Claim is or becomes an Allowed Claim, will be paid fully and in Cash in three (3) annual installments, including interest, with the first (1st) installment to be paid on the first Business Day that is six (6) months after the Effective Date (or the Claim Payment Date), the second (2<sup>nd</sup>) annual installment to be paid on the first Business Day that is twelve (12) months after the first payment and the third (3<sup>rd</sup>) annual installment to be paid on the first Business Day that is twelve (12) months after the second payment.

11.2 Interest. Each Allowed General Unsecured Claim will bear interest from and after the Effective Date at the rate of two percent (2%) per annum or such other rate as set by the Bankruptcy Court in the Confirmation Order.

11.3 Impairment. The Class 8 General Unsecured Claims are impaired under the Plan.

## ARTICLE 12

### **TREATMENT OF CLASS 9 CLAIMS (OTHER TORT AND EMPLOYEE CLAIMS)**

12.1 Distribution. Each holder of a Class 9 Other Tort and Employee Claim, as and when such Claim becomes an Allowed Claim, will be paid solely from any Insurance Coverage applicable to such Other Tort and Employee Claim. To the extent that such Claims may not be satisfied in full by the foregoing, then such Other Tort and Employee Claims, to the extent not so satisfied, will be Disallowed.

12.2 Impairment. The Class 9 Other Tort and Employee Claims are impaired under the Plan.

### ARTICLE 13

#### **TREATMENT OF CLASS 10 CLAIMS (TORT CLAIMS AND FUTURE TORT CLAIMS)**

13.1 Subclasses of Tort Claims. Tort Claims will be divided into three subclasses for purposes of allowance, liquidation, and payment: (1) Convenience Tort Claims, (2) Settling Tort Claims, or (3) Litigation Tort Claims. The Plan provides alternative mechanisms for allowing, liquidating and paying Tort Claims depending on their sub-classification. Tort Claims will be presumed to be treated as Settling Tort Claims unless a Tort Claimant: (a) holds a Tort Claim that the Debtor Objected to prior to the December 4, 2009 hearing on the Disclosure Statement; or (b) affirmatively elects or is deemed to have elected treatment of his or her Tort Claim as either a Litigation Tort Claim or a Convenience Tort Claim.

13.2 Settlement Trust, Litigation Trust, and Future Claims Reserve Sole Source of Recovery for Tort Claims; Allocation of Funding. The Settlement Trust will be the sole source of recovery for Settling Tort Claimants on account of their Tort Claims. The Litigation Trust or the Litigation Reserve will be the sole source of recovery for Litigation Tort Claimants on account of their Tort Claims. The Future Claims Reserve will be the sole source of recovery for Future Tort Claimants on account of their Tort Claims. Upon confirmation of the Plan and the occurrence of the Effective Date, all Tort Claims against the Debtor and the Reorganized Debtor will be discharged and no Tort Claimant will have any further Claim against the Debtor or the Reorganized Debtor. Pursuant to the Channeling Injunction in Article 21 of the Plan and which will be a part of the Confirmation Order, all Tort Claims held by Tort Claimants and Future Tort Claimants against the Debtor, the Reorganized Debtor, Released Parties, Settling Insurers, Settling Parties, and Participating Third Parties will be permanently enjoined and channeled into the Settlement Trust, the Litigation Trust, the Litigation Reserve or to the Future Claims Reserve as the sole source of recovery. The Bankruptcy Court will determine the allocation of the

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funding between the Litigation Trust (or the Litigation Reserve) and the Settlement Trust as part of the confirmation process and such allocation will be incorporated into the Confirmation Order; provided, however, that the Debtor and the Committee may agree on the allocation and submit such agreement to the Bankruptcy Court for approval and, if approved, the allocation agreed upon will be incorporated into the Confirmation Order.

13.3 Treatment of Convenience Tort Claims.

(a) Allowance and Liquidation. Each Convenience Tort Claim will be deemed Allowed in an amount of \$2,500.

(b) Payment. In full release and satisfaction of his or her Tort Claim, each Convenience Tort Claimant will be paid \$2,500 Cash within thirty (30) days of the occurrence of the Effective Date or the Claim Allowance Date.

13.4 Treatment of Settling Tort Claims.

(a) Allowance and Assignment to Settlement Trustee. Settling Tort Claims will be deemed Allowed, and each Settling Tort Claimant will be deemed to have assigned his or her Allowed Settling Tort Claim to the Settlement Trustee regardless of whether such Tort Claimant votes on the Plan or votes to reject the Plan. As a result of such assignment, the Settlement Trustee will succeed to all rights of the Settling Tort Claimants against the Debtor and any Great Divide Candidate Insurer. The Allowed Settling Tort Claim will have the same effect as a judgment against CBNA; provided, however, that any recoveries to the Settlement Trustee or any Settling Tort Claimant with an Allowed Settling Tort Claim against the Debtor or the Reorganized Debtor will be limited to and by the Fund, the terms of the Plan and the discharge received by the Debtor pursuant to the Plan and applicable provisions of the Bankruptcy Code. By way of clarification, notwithstanding the foregoing, neither the Settlement Trustee nor the Settling Tort Claimant will have any right to seek recoveries directly against CBNA and are limited to recoveries provided for in the Plan. In addition, on the

Effective Date, the Debtor will assign all of its rights against any Great Divide Candidate Insurer. The Settlement Trustee will then succeed to all of the rights of the Debtor and the Settling Tort Claimant for purposes of pursuing the claims against the Great Divide Candidate Insurers.

(b) Liquidation. Unless the amount of the Settling Tort Claim is determined prior to the Effective Date pursuant to a Claim Allowance Agreement, the amount of each Settling Tort Claim will be liquidated by the Special Arbitrator pursuant to the Binding Arbitration Process. In liquidating a Settling Tort Claim, the Special Arbitrator will consider and base allowance of a Settling Tort Claim on the risks to CBNA and the Settling Tort Claimant in light of the facts bearing on the liability and damage aspects of the Settling Tort Claim. In addition, in determining the amount of the Arbitration Award, the Special Arbitrator must consider all of the circumstances affecting the Debtor's potential liability and available defenses regarding the Tort Claim of a Settling Tort Claimant, including but not limited to:

- (i) the substance and credibility of the Tort Claim,
- (ii) the Debtor's legal responsibility for the actions of the perpetrator under Alaska law,
- (iii) the severity of the abuse suffered,
- (iv) the impact of the abuse on the Tort Claimant including any bodily injury, shock, fright, mental injury, disability, mental anguish, humiliation, sickness or disease sustained by the Tort Claimant, and
- (v) the risks to CBNA and the Settling Tort Claimant had the Settling Tort Claim otherwise been the subject of a trial, including the existence of affirmative defenses such as the statute of limitations; provided, however, that the statute of limitation defense may be waived by the Settlement Trustee as part of the process subject to the Settlement

Trustee's right to seek a determination from the Court at the Confirmation Hearing or after as to whether such a waiver of the statute of limitations defense and/or any other provision of the Plan objected to by the Insurance Company violates the provision of any Insurance Policy and/or any duty of an insured under an Insurance Policy issued by the objecting Insurance Company. If the Settlement Trustee seeks a determination by the Bankruptcy Court as to the merits of any such waiver(s) and no objection regarding the statute of limitations and/or any other provision of the Plan or otherwise is filed with regard to any Insurance Company's obligation to provide a defense to CBNA or its assignee and/or to provide liability insurance to CBNA or its assignee, then the waiver and all other provisions of the Plan will be automatically and conclusively deemed not to violate any Insurance Policy provision and/or any duty owed by CBNA or its assignee under any and all Insurance Policies. As to all other Claims, including the Claims of Litigation Tort Claimants, CBNA reserves all rights with respect thereto.

(vi) The Special Arbitrator may also consider any other factors the Bankruptcy Court may determine as part of the confirmation process or in connection with approval of any Claim Allowance Agreements.

As a result of the Binding Arbitration Process, the Special Arbitrator will issue an Arbitration Award setting forth the liquidated amount of each Allowed Settling Tort Claim.

(c) Payment. Each Settling Tort Claimant will be paid a share of the Settlement Trust as determined by the Special Arbitrator.

(i) Determination of Share of Settlement Trust. Each of the Settling Tort Claims will be individually evaluated by the Special Arbitrator on the evaluation factors attached hereto as Exhibit "B". Points

will be allocated to each Settling Tort Claimant in relation to each evaluation category. Each Settling Tort Claimant will be paid a pro rata share of the Settlement Trust based upon the ratio of the points received by that Settling Tort Claimant to the total points awarded to all Settling Tort Claimants. Thus, by way of example, if Claimant A is awarded 20 points and the total points awarded all Claimants is 4,000 points, Claimant A will be awarded  $20/4000$  of the Settlement Trust. The Special Arbitrator will determine each Settling Tort Claimant's share of the Settlement Trust within thirty (30) days of the Effective Date based solely upon the Proofs of Claim, the Uniform Questionnaire and the terms of the Plan.. Each Settling Tort Claimant will return a completed Uniform Questionnaire to the Special Arbitrator within thirty (30) days of service. If a Settling Tort Claimant fails to timely return his or her completed Uniform Questionnaire, then his or her Tort Claim will be treated and paid as a Convenience Tort Claim.

(ii) Distributions. Before any distribution(s) to any Allowed Settling Tort Claimants, the Settlement Trustee will subtract the Qualified Counsel Fees from the Settlement Trust. The Settlement Trustee will disburse the Qualified Counsel Fees to Qualified Counsel as fees in accordance with the retainer agreements between the Qualified Counsel and the holder of the Allowed Tort Claim, provided that no Qualified Counsel will receive a distribution in excess of the amounts owed under such retainer or fee agreements. Each holder of an Allowed Settlement Tort Claim will be paid in Cash by the Settlement Trust after deduction of Qualified Counsel Fees, if any. The Settlement Trustee will make a Preliminary Distribution to Settling Tort Claimants within sixty (60) days

after every Settling Tort Claimant's share of the Settlement Trust has been finally determined..

13.5 Treatment of Litigation Tort Claimants.

(a) Allowance and Liquidation; Litigation Protocol. The following will be the protocol for Allowance and liquidation of Litigation Tort Claims: Unless a complaint alleging a Litigation Tort Claim was filed before the Petition Date and is presently pending in the Alaska Superior Court—which will be Disallowed or Allowed and liquidated pursuant to a final judgment by the Alaska Superior Court—each Litigation Tort Claim will be Disallowed or Allowed and liquidated pursuant to a final judgment of the District Court. Within sixty (60) days of the Effective Date each Litigation Tort Claimant must: file a complaint in the District Court against the Settlement Trustee asserting his or her Tort Claim against the Debtor and serve such complaint upon the Settlement Trustee; or, if a complaint was pending on the Petition Date in the Alaska Superior Court, file a motion in the Alaska Superior Court to put the case back onto its active trial docket, and serve such motion on the Settlement Trustee. If a Litigation Tort Claimant does not timely file such a complaint or motion, then his or her Tort Claim will be treated as a Convenience Tort Claim, which treatment will be irrevocable and in complete satisfaction, payment and release of the Litigation Tort Claim. The Settlement Trustee will succeed to all of the Debtor's rights, defenses, affirmative defenses including statute of limitations, counterclaims, setoffs and recoupments with respect to Litigation Tort Claims and will substitute in any litigation in the Alaska Superior Court as the Defendant in place of the Debtor and any Participating Third Parties who are defendants in such actions pending in the Alaska Superior Court. The Settlement Trustee will have complete control of litigation and settlements of Litigation Tort Claims and Future Tort

Claims, the holders of which elect to proceed with allowance under the Future Tort Claim Litigation Process.

(b) Payment. Each holder of an Allowed Litigation Tort Claim will be paid in Cash by the Litigation Trust such holder's pro rata share of the Litigation Trust net of the Settlement Trustee's fees, costs, and attorneys fees and costs defending all Litigation Tort Claims, within thirty (30) days after of the later of the date on which all Litigation Tort Claims have been Allowed or Disallowed by Final Order.

13.6 Treatment of Future Tort Claims.

(a) Future Tort Claims Representative's Tort Claim. The Future Tort Claims Representative's Tort Claim will be deemed satisfied when the Settlement Trust is funded.

(b) Allowance and Distribution of Future Tort Claims.

(i) Distribution. Each holder of an Allowed Future Tort Claim which is filed on or before the seventh (7th) anniversary of the Effective Date will be paid in full in Cash by the Settlement Trustee from the Future Claims Reserve within thirty (30) days after the later of the date on which such Future Tort Claim is Allowed or the date on which the Future Claims Reserve is initially funded as provided for in the Plan; provided however that, any Future Tort Claimant that elects the Future Tort Claim Litigation Process will receive no more than eight percent (8%) of the Future Claims Reserve at the time the Future Tort Claim is filed, net of the costs of the Settlement Trustee to defend the Future Tort Claim as and when such Future Tort Claim becomes an Allowed Future Tort Claim pursuant to the Future Tort Claim Litigation Process.

(ii) Allowance. The holder of a Future Tort Claim may elect to proceed with allowance under the Future Tort Claim Settlement Process or

the Future Tort Claim Litigation Process by (i) filing with the Special Arbitrator a Future Tort Claim Proof of Claim to be requested from and furnished by the Special Arbitrator upon request of a Future Tort Claimant who elects the Future Tort Claim Settlement Process, or (ii) filing a complaint in the District Court naming the Settlement Trustee as Defendant, which filing of such a complaint constitutes an election by a Future Tort Claimant of the Future Tort Claim Litigation Process. Each Future Tort Proof of Claim by a holder of a Future Tort Claimant electing the Future Tort Claim Settlement Process must include the release of claims in the form provided in the Future Tort Claim Proof of Claim. A Future Tort Claim Allowed under this Section is referred to as an Allowed Future Tort Claim.

(c) Future Tort Claim Settlement Process.

(i) Allowance. If a holder of an Future Tort Claim elects to proceed with allowance under the Future Tort Claims Settlement Process, such Future Tort Claim will be Allowed (a) if the Special Arbitrator determines that the holder of such Future Tort Claim has proved by a preponderance of the evidence (i) that such holder was abused, and (ii) that the applicable statute of limitations under applicable non-bankruptcy law had not begun to run on or before March 1, 2008; and (b) if the Special Arbitrator does not find that there is clear, cogent and convincing evidence that the applicable statute of limitations under applicable non-bankruptcy law had run (i) after March 1, 2008, and (ii) before the date the holder of such Future Tort Claim filed the Future Tort Claim Proof of Claim. The Special Arbitrator will determine the amount of such Future Tort Claim by assigning such Future Tort Claim a dollar value pursuant to the matrix for distributions for Settling Tort Claimants. The Special



Arbitrator may consider the credibility of the Future Tort Claimant and the facts alleged in support of the Future Tort Claim and, in the Special Arbitrator's sole discretion, reduce or deny the Future Tort Claim. The dollar value assigned to a Future Tort Claimant electing the Settlement Process will be confidential.

(ii) Amendment. At any time prior to final allowance or disallowance of a Future Tort Claim under the Future Tort Claim Settlement Process, the holder of such Future Tort Claim may settle the Future Tort Claim with the Special Arbitrator.

(d) Future Tort Claim Litigation Process.

(i) Allowance. If a holder of a Future Tort Claim elects to proceed with allowance under the Future Tort Claim Litigation Process, such Future Tort Claim will be determined either by a trial of such Future Tort Claim conducted by the District Court, or a settlement between the holder of such Future Tort Claim and the Settlement Trustee. Such Future Tort Claim is subject to all defenses available under applicable law, including but not limited to, the applicable statute of limitations and the defenses enumerated in the Plan with respect to any Tort Claims and which are available to Debtor.

(ii) Amendment of Election. At any time prior to the earliest of the date on which the Settlement Trustee has filed a dispositive motion with respect to, or trial has commenced on, a Future Tort Claim that is being determined under the Future Tort Claim Litigation Process, the holder of such Future Tort Claim may amend his or her election to instead elect treatment under the Future Tort Claim Settlement Process, by delivering a written notice of such election to the Special Arbitrator and the Settlement Trustee. Any such amended election will be irrevocable.

Any such amended election will be deemed to be a consent to a reduction of the amount of any distribution with respect to such holder's Allowed Future Tort Claim, by the amount of all pre litigation and litigation Professional Fees and expenses incurred with respect to such Future Tort Claims, and all other Settlement Trust costs and expenses attributable to such Future Tort Claim, which accrued through the date of such amended election.

(e) Future Tort Claims Filed after Seventh (7th) Plan Anniversary Barred. All Future Tort Claims filed after the seventh (7th) anniversary of the Effective Date will have no right to payment or any other right under the Plan, and all such Claims will be discharged under Article 21 of the Plan.

(f) Effect of Disallowance. If a Future Tort Claim is Disallowed, the holder of such Claim will have no further rights against the Debtor, the Reorganized Debtor, Settling Parties, Participating Third Parties or a Settling Insurer, the Settlement Trust or the Litigation Trust.

13.7 General. All distributions to the holders of Allowed Tort Claims and Allowed Future Tort Claims will be in full release, discharge and satisfaction of such Allowed Tort Claims and Future Tort Claims. A Tort Claimant or a Future Tort Claimant whose Tort Claim is Disallowed pursuant to the claim determination procedures set forth in the Plan, or a Litigation Tort Claimant or a Future Tort Claimant who has elected the Future Claim Litigation Process and whose Tort Claim or Future Tort Claim is denied and Disallowed, will receive no distribution under the Plan and will have no further Claims against CBNA, the Reorganized Debtor, the Settlement Trustee, any Settling Party or any Released Party.

13.8 Treatment of Attorneys' Fees of Tort Claimants and Future Tort Claimants.

Subject to Section 13.4(c)(ii) the fees and expenses of attorneys representing any of the Settling Tort Claimants, Litigation Tort Claimants or Future Tort Claimants who receive payment from the Settlement Trust, the Litigation Trust or the Future Claims Reserve, will be borne by such

claimants based on applicable state law and individual arrangements made between such claimants and their respective attorneys. In no event will CBNA, the Reorganized Debtor, the Settlement Trustee, the Settlement Trust, the Settlement Trustee, the Litigation Trust (if applicable) or the Litigation Reserve (if applicable) have any liability for any fees and expenses of attorneys representing any of the Settling Tort Claimants, any of the Litigation Tort Claimants or any of the Future Tort Claimants and any such Claims for any such fees and expenses, if any, will be Disallowed.

13.9 Treatment of Punitive Damages. Claims for punitive or exemplary damages in connection with Tort Claims or Future Tort Claims or asserted by any other claimants, will be treated as Penalty Claims and be Disallowed.

13.10 Impairment. The Class 10 Claims are impaired under the Plan.

#### ARTICLE 14

##### TREATMENT OF CLASS 12 CLAIMS (CONTINENTAL CLAIMS)

14.1 Distribution. In full satisfaction of the Continental Claims, as and when Allowed, the Reorganized Debtor will pay holders of the Continental Claims \$75,000 Cash, on the Effective Date.

14.2 Discharge. Any and all other amounts owed on the Continental Claims in addition to the \$75,000 paid pursuant to Section 14.1 of the Plan, will be discharged pursuant to Bankruptcy Code §§ 1141 and 524, and the Reorganized Debtor will not be required to pay any such amounts.

14.3 Impairment. The Class 12 Continental Claims are impaired under the Plan.

#### ARTICLE 15

##### TREATMENT OF CLASS 13 CLAIMS (PILGRIM SPRINGS CLAIMS)

15.1 Distribution. The Pilgrim Springs Claims are subject to the Pilgrim Springs Setoff Claims which exceed the Pilgrim Springs Claims. The Pilgrim Springs Claims will be

Disallowed and the holders of the Pilgrim Springs Claims will receive no distribution on account of any Pilgrim Springs Claims and such holders will not receive anything under the Plan.

15.2 Impairment. The Class 13 Pilgrim Springs Claims are impaired under the Plan.

## ARTICLE 16

### TREATMENT OF CLASS 14 CLAIMS (PENALTY CLAIMS)

16.1 Distribution. No Penalty Claims will be Allowed and there will be no distribution to the holders of any Penalty Claims.

16.2 Impairment. The Class 14 Penalty Claims are impaired under the Plan.

## ARTICLE 17

### MEANS OF IMPLEMENTATION OF THE PLAN

17.1 Funding the Fund. On or before the Effective Date, CBNA will transfer to the Fund, Cash in an amount of not less than \$9,800,000.

17.2 Asset Sale to the Endowment. CBNA will sell the following CBNA Real Property to the Endowment in exchange for \$7.907 million in Cash:

Catholic Schools of Fairbanks	\$3,500,000.00
Chancery property	\$1,200,000.00
Kobuk Center/ priest residence	\$1,120,000.00
Warehouse maintenance center	\$225,000.00
KNOM property , Nome , AK	\$430,000.00
FCA Barnett St Building	\$600,000.00
Betty Street Residence	\$205,000.00
Hanger	\$346,000.00
Kateri Center, Galena	\$175,000.00
Cessna 207	\$75,000.00
Lot next to warehouse	\$31,000.00
Total	\$7,907,000.00

The sale to the Endowment will be pursuant to the Plan, and will not be a Bankruptcy Code § 363 sale. Certain CBNA Real Property is Excluded Property. Certain CBNA Real Property has been marketed during the pendency of the Reorganization Case but no acceptable

offers have been obtained. The sale to the Endowment will close on or before the Effective Date. The proceeds of the asset sale to the Endowment will be used to fund CBNA's funding obligations on the Effective Date.

17.3 Pilgrim Springs Auction. The Pilgrim Springs Auction will occur at a hearing conducted within forty-five (45) days of the Confirmation Hearing. The opening bid at the Pilgrim Springs Auction will be made by the Endowment for \$1,850,000, which bid will also serve as a back up bid to any and all higher and better bids. The sale of the Pilgrim Springs Property to the bidder with the highest and best bid at the Pilgrim Springs Auction must close within forty-five (45) days of the Pilgrim Springs Auction, and will be free and clear of all claims, liens or encumbrances except for the UAF License under Bankruptcy Code §§ 363 and 1123. Up to \$1,850,000 of the proceeds of the Pilgrim Springs Auction will be used to fund CBNA's funding obligations on the Effective Date, including payment of Administrative Expenses, but, in all events, all proceeds above \$1,850,000 will be paid to the Settlement Trust.

17.4 Harding Lake Sale. On or before the Effective Date, CBNA will sell the Chapel at Harding Lake to the Harding Lake community for fifteen thousand dollars (\$15,000) and such sale will be pursuant to the Plan and not a public sale pursuant to Bankruptcy Code §363.

17.5 Assignment of Certain Claims to Settlement Trustee. On the Effective Date, CBNA will assign to the Settlement Trustee its Claims against the Sisters of Saint Ann and the Jesuit Safeco Insurance Policies Claims.

17.6 Formation of Settlement Trust and Litigation Trust. On or before the Effective Date (but after entry of the Confirmation Order and after the Confirmation Order becomes a Final Order), the Reorganized Debtor will cause the following to occur: (a) the execution and delivery of the Settlement Trust Agreement and the Litigation Trust Agreement (if necessary), which will establish the Settlement Trust and the Litigation Trust; (b) delivery to the Settlement Trustee and the Settlement Trustee of any amounts in the Fund allocated as ordered by the Bankruptcy Court as part of the Confirmation Order; (c) delivery of such commitments and assignments from the Reorganized Debtor to give effect to the right of the Special Arbitrator and

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the Settlement Trustee to receive any portion of the Fund to be funded after the Effective Date; and (d) delivery of such commitments, documents, agreements and assignments that are necessary to convey the Debtor's insurance coverage claims against Great Divide Candidate Insurers to the Settlement Trustee under *Great Divide Insurance Co. v. Carpenter*, 79 P.3d 599 (Alaska 2003) and other legal authority.

17.7 Special Arbitrator and Settlement Trustee Assume Responsibility. On the Effective Date, the Special Arbitrator will assume full responsibility for resolving the Tort Claims of all Settling Tort Claimants and the Settlement Trustee will assume full responsibility for resolving all Tort Claims of Litigation Tort Claimants. Further, on the Effective Date, the Settlement Trustee will be substituted into any Insurance Actions against Great Divide Candidate Insurers as the Real Party in Interest. The Special Arbitrator and the Settlement Trustee will assume full responsibility for: (i) establishing the respective Trust Administrative Expense Reserve with respect to the Settlement Trust and the Litigation Trust (if applicable) or the Litigation Reserve (if applicable); (ii) making payments to the holders of Allowed Tort Claims and Allowed Future Tort Claims that become Allowed under the conditions set forth in the Settlement Trust Agreement, the Litigation Trust Agreement (or the Litigation Reserve), the Future Claims Reserve and the Plan; (iii) collecting, investing and distributing funds for the benefit of the holders of Allowed Tort Claims and Allowed Future Tort Claims; and (iv) fulfilling all other obligations under the Settlement Trust Agreement and the Litigation Trust Agreement.

17.8 Funding on the Effective Date. All payments under the Plan which are due on the Effective Date from CBNA, will be funded from the Fund with respect to payment of Allowed Tort Claims; provided, however, that, prior to transfer of the Assets designated for the Fund, CBNA will pay or reserve all Professional Charges that remain unpaid as of the Effective Date and reserve the estimated amount for Professional Charges incurred through the date that final applications are required to be filed pursuant to Section 17.19 of the Plan or pursuant to final bills received by CBNA from the Chapter 11 Professionals if the requirement of final

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applications is waived by the Court, but in no event will the Fund be paid less than \$9,800,000 Cash on the Effective Date. The Settlement Trustee will create the Future Claims Reserve and the Litigation Claims Reserve pursuant to the allocation to be approved by the Bankruptcy Court, in the Confirmation Order.

17.9 Assignment of Claims Against Great Divide Candidate Insurers. On the Effective Date, CBNA will assign its claims against Great Divide Candidate Insurers to the Settlement Trustee including, but not limited to, any and all Insurance Actions. If CBNA is requested by the Settlement Trustee to assist in prosecution of the Insurance Actions in any manner, then any attorneys' fees, costs and expenses incurred by CBNA in assisting in prosecution of the Insurance Actions will be paid from the Settlement Trust.

17.10 Funding After the Effective Date. The funds necessary to ensure continuing performance under the Plan after the Effective Date will be (or may be) obtained from:

(a) any and all remaining Assets retained by the Reorganized Debtor after the Effective Date;

(b) the net proceeds of the Pilgrim Springs Auction greater than \$1,850,000 to be paid to the Settlement Trustee;

(c) the proceeds from the Special Appeal subject to the conditions set forth in Section 2.139 of the Plan;

(d) Cash generated from the post-Effective Date operations of the Reorganized Debtor; and,

(e) any reserves established by the Debtor or the Reorganized Debtor;

provided, however, that no part of the Fund may be used to pay Creditors other than Tort Claimants and Future Tort Claimants under the Plan, and only those Assets to be paid or contributed to the Fund, pursuant to the Plan, will be used to pay the Allowed Claims of Tort Claimants and Future Tort Claimants. In no event will the amount paid to the Fund be less than \$9,800,000 Cash.



17.11 Payments to the Fund After the Effective Date. After the Effective Date, payments will be made to the Fund by the Reorganized Debtor from net proceeds in excess of \$150,000 from each Special Appeal.

17.12 Non-Monetary Commitment to Healing and Reconciliation. In order to further promote healing and reconciliation, and in order to continue its efforts to prevent sexual abuse from occurring in the Diocese in the future, CBNA agrees that beginning within thirty (30) days after the Effective Date (unless a different date is provided below):

(a) CBNA will file with the Bankruptcy Court the names of the individuals attached on Exhibit "C" identifying them as the priests, religious, lay employees and volunteers accused of sexual abuse in filed proofs of claim. The Debtor will not seek to seal such filing and will oppose any effort by any third party to seal such filing.

(b) For a period of ten (10) years after the Effective Date, the Reorganized Debtor will post on the home page of its website and the Website of the Diocese, a prominent link on the home page to the names listed on Exhibit "C" and any other known perpetrators (admitted, proven or credibly accused), including deceased perpetrators and those previously listed.

(c) Within eighteen (18) months after the Effective Date, Bishop Kettler will personally go to every Parish in which any individuals were abused and where those persons identified in Paragraph (a) above served. The Bishop will read a statement of apology from the pulpit and encourage parishioners to support victims. He will also identify all perpetrators that have served in the Diocese and urge all abuse survivors to report abuse to law enforcement, the diocesan Victim's Assistance Coordinator, health care professionals and/or any survivor group or organization that the person wishing to make a report of abuse determines is appropriate to receive the report of abuse. He will assure survivors and parishioners that no one will go to hell as a result of coming forward

regarding the abuse they suffered and that survivors did not commit any sin in coming forward. The Bishop's visits to the rural Parishes will, to the extent feasible, be publicized by the following means: (i) posted on the Parish Church bulletin board; (ii) posted by the Parish administrator or the Parish contact in the post office, the washeteria, the community center and the store of each village to the extent allowed by each of such place; (iii) announced by VHF radio by the Parish contact person as requested by the Bishop; and (iv) announced on KNOM two weeks in advance. At least thirty (30) days in advance of the Bishop's visit to a Parish, the Bishop will send a written invitation to all known abuse survivors in that Parish inviting them to attend his visit. Consistent with the Bishop's current practice, the Bishop will continue his "listening" sessions and healing ceremonies during the Parish visits.

(d) A general letter of apology will be displayed on the Diocese's website for a period of ten (10) years from the Effective Date. In addition, this letter of apology will be published in Parish bulletins (where Parish bulletins are used) once a month for three (3) months after the Effective Date. The letter of apology will be read by the Bishop onto a public service announcement to be played on KNOM at least once a month for three (3) months after the Effective Date.

(e) The statement of apology described above in paragraph (c) and the letter of apology described in paragraph (d) above will, among other things:

(i) assure the faithful that all the sacraments conducted by perpetrators are not invalid by virtue of the fact that they were conducted by a perpetrator of abuse;

(ii) include an acknowledgement and apology for the abuses which occurred at Holy Cross Boarding School, the Nulato Catholic Mission School (a/k/a Our Lady of the Snows), and St. Mary's High

School (a/k/a St. Mary's Catholic Mission), and also for the cultural disregard/disrespect resulting from the forced assimilation of Native people.

(f) No later than sixty (60) days after allowance of any Tort Claim Bishop Kettler will send individual letters of apology to such Tort Claimant and, if requested by such Tort Claimant, to his or her immediate family. The letters of apology will state that the survivor was not at fault for the abuse. Furthermore, the letters will state that no sins were committed by those who have come forward on account of their having coming forward. The letters of apology will be personally signed by the Bishop.

(g) CBNA will continue to comply in all respects with the following:  
(i) the Charter for the Protection of Children and Young People initially adopted by the United States Conference of Catholic Bishops in 2002 and revised in 2005 and as it may be amended from time to time; (ii) the Diocese of Fairbanks' Faithful Healing, Preventing and Responding To Ministry-Related Child Sexual Abuse policy adopted on August 1, 2003, as revised subsequently and as it may be amended from time to time; and (iii) the Diocese of Fairbanks' Policy on Abuse of Vulnerable Adults adopted November 16, 2005, as it may be amended from time to time. Among other things, the Debtor will continue to require individuals working for the Debtor or ministering within the Diocese to sign sworn statements attesting that they have not sexually abused any minor at any time. Further the Debtor will continue to aggressively assert its policy requiring individuals working for the Debtor or ministering within the Diocese to report any information indicating the existence of sexual abuse to law enforcement.

(h) Four (4) times per year for five (5) years after the Effective Date and one time per year for twenty (20) years after the Effective Date, Reorganized Debtor will publish a prominent statement in media available within the Diocese,

including, where applicable, Parish bulletins, Parish bulletin boards, Diocesan newsletters circulated within the Diocese (including but not limited to Ministering), KNOM, and the homepage of the Reorganized Debtor's website, urging persons sexually abused by priests or religious workers to contact law enforcement, and the diocesan Victim's Assistance Coordinator, doctor or other health care professional or other trusted person and/or any survivor group or organization to make a report of abuse. In addition, the Debtor will provide information of health care professionals for mental health support or counseling.

(i) The Reorganized Debtor will institute a policy requiring that its representatives (including, but not limited to, Bishop Kettler and the Debtor's spokespersons), not refer either verbally or in print to sexual abuse claimants as "alleged" claimants, "alleged" victims or "alleged" survivors, and urging its representative to refer to claimants as survivors of clergy sexual abuse.

(j) The Reorganized Debtor will file status reports regarding its compliance with these non-monetary undertakings with the Bankruptcy Court and serve the Settlement Trustee. Reports will be filed semi-annually for the first two years after the Effective Date and annually for the next three years after the Effective Date. The Settlement Trustee will have standing to enforce these non-monetary undertakings. Nothing about these continuing reporting/enforcement requirements will prevent the issuance of a final decree or closing the Reorganization Case.

17.13 Procedure for Determination of Claims Other Than Tort Claims or Future Tort Claims. The following procedures will be used for purposes of allowance and disallowance of Creditors' Claims that are not Tort Claims or Future Tort Claims:

(a) Objections to Claims. Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed prior to the Effective Date, all objections to Claims must be filed by the Claim Objection

Deadline; provided, however, that any Disputed Claims held by Settling Tort Claimants or Future Tort Claimants will be determined by the Special Arbitrator in accordance with the Settlement Trust Agreement and the Plan and any Disputed Claims held by Litigation Tort Claimants (or Future Tort Claimants who opt for the Future Tort Claims Litigation Process) will be determined pursuant to the Litigation Trust Agreement, if any, and the Litigation Protocol; further, provided, however, that nothing contained in the Plan will affect the right of the Debtor to seek estimation of any Claims, including, Tort Claims and Future Tort Claims on any grounds permitted by the Bankruptcy Code at any time.

(b) Disputed Claims. No payments or other distributions will be made to the holders of Claims unless and until such Claims are Allowed Claims pursuant to a Final Order or in accordance with Article 13. If a Claim is not an Allowed Claim by the Effective Date, or when payment is otherwise due under the Plan, payment on the Allowed Claim (plus interest, if any, as provided herein) will commence on the Claim Payment Date.

(c) Treatment of Contingent Claims. Until such time as a Contingent Claim or a Contingent portion of an Allowed Claim becomes fixed or absolute or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The holder of a Contingent Claim will only be entitled to a distribution under the Plan when and if such Contingent Claim becomes an Allowed Claim, subject, however, to the provisions of Bankruptcy Code § 502(e), and, provided that if such Contingent Claim is for reimbursement, indemnification or contribution at the time of allowance or disallowance, it will be Disallowed pursuant to Bankruptcy Code § 502(e)(1)(B).

17.14 Payments Effective Upon Tender. Whenever the Plan requires payment to be made, such payment will be deemed made and effective upon tender thereof by the Debtor or the Reorganized Debtor to the Creditor to whom payment is due. If any Creditor refuses a tender,

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the amount tendered and refused will be held by the Debtor or the Reorganized Debtor for the benefit of that Creditor pending final adjudication of the dispute. However, when and if the dispute is finally adjudicated and the Creditor receives the funds previously tendered and refused, the Creditor will be obliged to apply the funds in accordance with the Plan as of the date of the tender; and while the dispute is pending and after adjudication thereof, the Creditor will not have the right to claim interest or other charges or to exercise any other rights which would be enforceable by the Creditor, if the Debtor or the Reorganized Debtor failed to pay the tendered payment.

17.15 Preservation of Debtor's Claims, Demands, and Causes of Action. Except as otherwise provided in the Plan, all Claims, demands, and causes of action of any kind or nature whatsoever held by, through, or on behalf of the Debtor and/or the Estate against any other Person, including but not limited to, the Retained Claims arising before the Effective Date which have not been resolved or disposed of prior to the Effective Date, are hereby preserved in full for the benefit of the Reorganized Debtor, except for such Claims or causes of action, cross-claims, and counterclaims, including Retained Claims, which: (a) have been released hereunder or pursuant to a Final Order prior to the Effective Date; and (b) which have been or are being transferred to the Special Arbitrator or the Settlement Trustee. Those Claims or causes of action, cross-claims and counterclaims which are being transferred to the Special Arbitrator or the Settlement Trustee, are preserved under the Plan for their respective benefits. To the extent necessary, the Reorganized Debtor is hereby designated as the estate representative pursuant to, and in accordance with, Bankruptcy Code § 1123(b)(3)(B). Furthermore, in accordance with Bankruptcy Code § 1123(b)(3), after the Effective Date, the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor or its Estate, including, but not limited to the Retained Claims, except to the extent any of the Contribution Actions or the Claims in the Insurance Actions have been assigned to the Settlement Trustee or the Settlement Trustee. The Debtor and the Reorganized Debtor will also



be entitled to assign their rights under the Plan. On the Effective Date, the Special Arbitrator and the Settlement Trustee are hereby designated as the estate representatives, pursuant to and in accordance with, Bankruptcy Code § 1123(b)(3) with respect to any and all Claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor or its Estate with respect to the Claims of Settling Tort Claimants, Future Tort Claimants and Litigation Tort Claimants.

17.16 Special Provisions Governing Unimpaired Claims. Except as otherwise provided in the Plan, nothing will affect the Debtor's or the Reorganized Debtor's rights and defenses with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to, or setoffs or recoupments against, such unimpaired Claims.

17.17 Operative Documents. The Debtor will prepare any documents which the Debtor and the Reorganized Debtor deem are necessary or appropriate to execute the Plan or are provided for under the Plan, including, but not limited to, the Plan Documents. If there is any dispute regarding the reasonableness or propriety of any such documents after reasonable and good faith efforts by the Debtor to negotiate and obtain approval of the documents by the other affected Person(s), any such dispute will be presented to the Bankruptcy Court for determination, at or in conjunction with the Confirmation Hearing.

17.18 Return of Deposits. To the extent that the Debtor was required to and did pay deposits to any Creditors after the Petition Date, as a condition of or as security for continued service after the Petition Date, including, but not limited to, deposits paid to utility companies for adequate assurance pursuant to Bankruptcy Code § 366, then, upon satisfaction of the Claims of such Creditor(s) pursuant to the Plan or if such Creditor(s) did not have any Claims against the Debtor, any such deposits, together with any interest or other income earned thereon, if any, will be refunded to the Reorganized Debtor within fifteen (15) days of demand by the Reorganized Debtor for return of such deposit(s).

17.19 Administrative Claims Bar Date. All requests for payment of administrative costs and expenses incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and 503(b) will be served and filed with the Bankruptcy Court no later than forty-five (45) days after

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the Confirmation Date. Any such Claim which is not served and filed within this time period will be forever barred. After approval by the Bankruptcy Court of the final fee applications of the Chapter 11 Professionals and the Future Claims Representative and the Future Claims Representative's Professionals for Professional Charges incurred prior to the Confirmation Date, the Chapter 11 Professionals and the Future Claims Representative and the Future Claims Representative's Professionals will not be required to submit any further fee applications to the Bankruptcy Court in accordance with Bankruptcy Code § 330. Any charges for fees, costs and expenses incurred by the Future Claims Representative after the Effective Date will be paid out of the Future Claims Reserve.

17.20 Delivery of Distributions. Distributions will be made by the Debtor, the Reorganized Debtor, the Special Arbitrator or the Settlement Trustee as follows:

(a) At the addresses set forth in the Proofs of Claim (and if both a Claimant's address and a Claimant's counsel are listed on the Proof of Claim then to counsel's address) filed by holders of Claims or the last known addresses of such holders if no Proof of Claim is filed or if the Debtor, the Reorganized Debtor, the Settlement Trustee has not been notified of a change of address;

(b) At the addresses set forth in written notices of address change delivered to the Debtor, the Settlement Trustee or the Reorganized Debtor after the date of any related Proof of Claim; or

(c) At the addresses reflected in the Schedules of Assets and Liabilities filed in the Reorganization Case if no Proof of Claim has been filed, and the Debtor, the Settlement Trustee or the Reorganized Debtor has not received a written notice of change of address.

(d) If any distribution to a holder of an Allowed Claim (including an Allowed Tort Claim and an Allowed Future Tort Claim) is returned as undeliverable, no further distributions to such holder will be made unless and until the Debtor, the Settlement Trustee or the Reorganized Debtor is notified of

such holder's then-current address, at which time all missed distributions will be made to the holder without interest. All claims for undeliverable or uncashed distributions must be made on or before the first (1st) anniversary of the date applicable to such distribution, or with respect to the final distribution to a Creditor holding an Allowed Claim (including an Allowed Tort Claim and an Allowed Future Tort Claim), within ninety (90) days thereof. After such date, all such unclaimed property will revert to the Reorganized Debtor or the Settlement Trustee for further distribution in accordance with the Plan, and the Claim of any holder or successor to such holder with respect to such property, will be discharged and forever barred, notwithstanding any federal or state escheat law to the contrary.

## ARTICLE 18

### ADMINISTRATION OF THE SETTLEMENT TRUST, SETTLING TORT CLAIMS AND FUTURE TORT CLAIMS

18.1 Binding Arbitration Process. All Settling Tort Claimants whose claims have not been liquidated prior to the Effective Date pursuant to a Claim Allowance Agreement, will be liquidated pursuant to the following procedure; provided however that, holders of Settling Tort Claims which are being defended pursuant to a reservation of rights by a Great Divide Candidate Insurer must have his or her Tort Claim liquidated pursuant to a formal arbitration and the Special Arbitrator will conduct the formal arbitration for such Settling Tort Claimants utilizing the J.A.M.S. rules and procedures. The Reorganized Debtor will only be obligated to participate in such formal arbitration pursuant to the J.A.M.S. rules and procedures, if its defense costs will be paid by a Great Divide Candidate Insurer. Otherwise, the Debtor or the Reorganized Debtor will have no obligation to participate in the process or defend against any such Tort Claims of a Settling Tort Claimant who is subject to the foregoing procedure. The following procedure will apply to the Allowance of all Settling Tort Claims with the exception of the Tort Claims of

Settling Tort Claimants subject to the formal arbitration procedure pursuant to the terms of the Plan and this Article 18:

(a) Within sixty (60) days of the Effective Date, the Reorganized Debtor will provide the Special Arbitrator a memorandum on the Claims of each Settling Tort Claimant describing any evidence readily available in its possession regarding the Debtor's potential liability, available defenses and insurance coverage regarding the Settling Tort Claim including information known about the alleged perpetrator(s) (if any). Upon request by the Special Arbitrator, the Reorganized Debtor will provide copies of readily available documents supporting or opposing Claims or defenses.

(b) No later than thirty (30) days after service of a completed Uniform Questionnaire, a Great Divide Candidate Insurer may request, in writing, that up to fifteen (15) questions be included in a Custom Questionnaire issued by the Special Arbitrator. If so requested pursuant to this subparagraph, the Special Arbitrator will serve a Custom Questionnaire on the Settling Tort Claimant that includes the requested questions, provided that the questions are not harassing, duplicative or needlessly cumulative in nature. If no Custom Questionnaire is timely requested by a Great Divide Candidate Insurer, then the Special Arbitrator may rely on the Uniform Questionnaire previously provided by a Settling Tort Claimant for purposes of liquidating his or her Tort Claim.

(c) Within thirty (30) days after written request therefor from the Special Arbitrator, each holder of a Tort Claim whose Settlement Amount will be determined by the Special Arbitrator will: (i) complete under oath a Custom Questionnaire, if applicable; (ii) produce all records and documents requested by the Special Arbitrator; (iii) consent to and cooperate in any examinations requested by the Special Arbitrator and performed by health care professionals selected by the Special Arbitrator; and (iv) consent to and cooperate in a written

and/or oral examination under oath by the Special Arbitrator. The Special Arbitrator also may, but will not be required to, obtain evidence from the Debtor, the Reorganized Debtor or any other party, and will have all of the rights and powers to take discovery under Part VII of the Bankruptcy Rules. The Special Arbitrator's determination will be made expeditiously.

(d) The Special Arbitrator may, but will not be required to, interview any Settling Tort Claimant regarding his or her Settling Tort Claim under oath. Further, each Settling Tort Claimant may request an interview. Interviews may be conducted by telephone, but the Settling Tort Claimant can request that the interview be conducted in person. The Special Arbitrator will establish the time, place and duration of such in person interview and will exercise reasonable efforts to accommodate the availability of the Settling Tort Claimant. If an interview is to be conducted, the Special Arbitrator will give the Reorganized Debtor and the Great Divide Candidate Insurers at least thirty (30) days notice of the date and time of the interview. The Reorganized Debtor and the Great Divide Candidate Insurers may submit up to ten (10) questions for the Special Arbitrator to ask at the interview. The requested interview questions must be submitted to the Special Arbitrator no later than ten (10) days prior to the interview. The interview may be, but is not required to be, recorded by video, audio or stenographic means.

(e) In connection with his or her interview, the Settling Tort Claimant may provide the Special Arbitrator with additional evidence supporting his or her Settling Tort Claim.

(f) The Settling Tort Claimant, the Settlement Trustee, or any Great Divide Candidate Insurer each may submit a simultaneous confidential memorandum to the Special Arbitrator advocating their respective legal and factual positions affecting the Debtor's potential liability, available defenses, and the Settling Tort Claimant's damages. The memorandum which may be

submitted in accordance with the preceding sentence may recommend an amount for Allowance of the Settling Tort Claim. The Special Arbitrator will set a schedule for submission of the memoranda permitted by this subparagraph as to each Settling Tort Claim. Upon timely written request in connection with preparation of the memoranda, the Special Arbitrator will provide the Settling Tort Claimant, the Reorganized Debtor (if the Reorganized Debtor is participating in the process), the Settlement Trustee or Great Divide Candidate Insurer, a copy of a Settling Tort Claimant's completed Custom Questionnaire or recording or transcript of the interview.

(g) The Special Arbitrator will have the power to issue subpoenas, under Rule 9016 of the Bankruptcy Rules and Rule 45 of the Federal Rules of Civil Procedure in order to obtain information or compel witnesses to attend depositions or other arbitration proceedings. The Special Arbitrator may request that independent medical examinations be performed by healthcare professionals retained or appointed by the Special Arbitrator, in order to obtain information on any matters related to the Settling Tort Claimants, including the nature and extent of damages allegedly suffered as a result of the alleged acts and/or omissions giving rise to the Tort Claim. The Special Arbitrator may also request from the Settling Tort Claimant or the Reorganized Debtor any additional materials or names of possible witnesses that will aid the Special Arbitrator in evaluating a Settling Tort Claim. Nothing contained in the Plan will preclude a Settling Tort Claimant or the Reorganized Debtor from presenting any other evidence to the Special Arbitrator to allow the Special Arbitrator to evaluate the Settling Tort Claim.

(h) The Special Arbitrator will issue an Arbitration Award setting forth his determination of the amount of the Allowed Settling Tort Claim. The Arbitration Award may, but is not required to, include a memorandum describing

the reasons for the Arbitration Award. The Arbitration Award must be served on the Settlement Trustee, the Settling Tort Claimant and the Great Divide Candidate Insurers, and also such counsel as designated by these parties. Service may be accomplished by electronic mail.

(i) The Arbitration Award and allocation is final and may not be appealed under any circumstances. Notwithstanding the foregoing, a Settling Tort Claimant, or the Settlement Trustee may request that the Special Arbitrator reconsider his Arbitration Award and allocation. Such a request must be submitted to the Special Arbitrator in writing not less than twenty (20) days after service of the Arbitration Award. The party seeking reconsideration must serve notice of the reconsideration request on the Settling Tort Claimant, the Settlement Trustee and such counsel as designated by these parties. The Special Arbitrator will set a schedule for any additional interview, argument, or briefing as he deems appropriate under the circumstances. Notwithstanding any reconsideration by the Special Arbitrator, the decision of the Special Arbitrator will be final on or after any reconsideration and not subject to any appeal or judicial determination or review of any kind.

(j) The Special Arbitrator must comply with requests by the Settling Tort Claimant to keep information regarding the Settling Tort Claim confidential, in accordance with any confidentiality protocols established by the Bankruptcy Court during the course of the Reorganization Case, or as part of the confirmation process.

18.2 Procedure for Filing and Determination of Future Tort Claims. The following procedures will govern the filing of Future Tort Claims:

(a) Regardless of when a Future Tort Claim is asserted but in all events subject to the time periods set forth in Section 13.6 above, all Future Tort



Claimants will be required to file any Future Tort Claim on the Proof of Claim form for Tort Claims approved by the Bankruptcy Court in the Bar Date Order.

(b) If a Future Tort Claim is asserted after the Confirmation Date but before the Effective Date, such Future Tort Claim is to be filed with the Clerk of the Bankruptcy Court in accordance with the procedures set forth in the Bar Date Order.

(c) The Special Arbitrator may, in addition to the procedures set forth in Section 13.6 above, employ any of the procedures set forth in Section 18.1 above for purposes of liquidating and Allowing or Disallowing any Future Tort Claim.

18.3 Special Provisions Governing the Administrative Costs for the Binding Arbitration. The following provisions govern the costs of administering the binding arbitration procedure for determining the Arbitration Award for Settling Tort Claims and Future Tort Claims (unless a Future Tort Claimant elects the Future Tort Claim Litigation Process:

(a) The Special Arbitrator is entitled to compensation for his services and reimbursement of costs. The Special Arbitrator will issue his invoices to the Settlement Trustee. The Settlement Trustee, and only the Settlement Trustee, may review and question the Special Arbitrator's invoices. The Settlement Trustee will timely pay the Special Arbitrator's invoices.

(b) The Reorganized Debtor's only source of compensation for participating in the Binding Arbitration Process, including the payment of attorneys' fees, costs and expenses will be payment by a Great Divide Candidate Insurer, or, if requested to participate by the Special Arbitrator and the fees and costs, and expenses are not being paid by a Great Divide Candidate Insurer, the Reorganized Debtor may be paid from the Settlement Trust if the Settlement Trustee determines that it is in the best interests of the Settling Tort Claimant to have the Reorganized Debtor's participation. In the event that the attorneys' fees,



costs and expenses of the Reorganized Debtor are not going to be paid by a Great Divide Candidate Insurer or the Settlement Trust, then the Reorganized Debtor will have no obligation to participate in the liquidation, Allowance or Disallowance of any Tort Claims.

18.4 Wind Down of the Future Claims Reserve. No sooner than seven (7) years after the Effective Date, the Settlement Trustee, the Special Arbitrator or the Future Claims Representative may request that the Future Claims Reserve be wound down by filing a motion with the Bankruptcy Court. The proponent of the motion to wind down the Future Claims Reserve will provide no less than thirty (30) days notice and opportunity to be heard to the Settlement Trustee, the Special Arbitrator and the Future Claims Representative, or their successors. Any funds remaining in the Future Claims Reserve, after payment of all Allowed Future Tort Claims and costs and expenses of the Settlement Trust with respect to administration of Future Tort Claims, will be distributed as determined by the Settlement Trustee.

## ARTICLE 19

### TREATMENT OF EXECUTORY CONTRACTS

19.1 Assumption and Rejection of Executory Contracts. On the Confirmation Date, except as otherwise provided herein, all Executory Contracts of the Debtor, that have not been previously rejected or terminated, will be assumed in accordance with the provisions and requirements of Bankruptcy Code §§ 365 and 1123, other than those Executory Contracts that: (a) have already been assumed by order of the Bankruptcy Court; (b) are subject to a motion to reject Executory Contracts that is pending on the Confirmation Date; or (c) are subject to a motion to reject an Executory Contract pursuant to which the requested effective date of such rejection is after the Confirmation Date. Approval of any motions to assume Executory Contracts pending on the Confirmation Date will be approved by the Bankruptcy Court on or after the Confirmation Date by a Final Order. Each Executory Contract assumed pursuant to this Article 19 will revest in and be fully enforceable by the Reorganized Debtor in accordance with

its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

19.2 Claims Based on Rejection of Executory Contracts. Every Claim asserted by a Creditor arising from the rejection of an Executory Contract pursuant to the Plan must be filed with the Bankruptcy Court no later than the first Business Day which is thirty (30) days after the Confirmation Date or the first Business Day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection, if such Final Order is entered after the Confirmation Date. Every such Claim which is timely filed, as and when it becomes an Allowed Claim, will be treated under Class 8 of the Plan. Every such Claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged, and the Creditor holding the Claim will not receive or be entitled to any distribution under the Plan on account of such Claim.

19.3 Indemnification of Members, Managers, Officers, and Employees. The obligation of the Debtor to indemnify any Person serving at any time on or prior to the Effective Date as one of its officers, employees, council members or volunteers by reason of such Person's service in such capacity, to the extent provided in any of the Debtor's constituent documents or by a written agreement with the Debtor or under the laws of the State of Alaska pertaining to the Debtor, will be deemed and treated as Executory Contracts that are assumed by the Reorganized Debtor, pursuant to the Plan and Bankruptcy Code § 365 as of the Effective Date. Indemnification obligations of the Debtor to indemnify any Person that are assumed will survive unimpaired and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date unless such Person is a Participating Third Party or a Released Party. Notwithstanding the foregoing, under no circumstances will the Debtor or the Reorganized Debtor assume or be responsible for any alleged indemnification obligations of the Jesuits or any priests or others against whom CBNA has determined or may, in the future, determine, that there are credible allegations of sexual abuse asserted against such Person(s) or such Person has or may have engaged in some

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other conduct that would excuse the Reorganized Debtor from providing any indemnification to such Person.

## ARTICLE 20

### CONDITIONS TO EFFECTIVE DATE

20.1 Conditions To Occurrence Of Effective Date. Each of the following are conditions to the Effective Date, which conditions must be satisfied or, in the alternative, waived by both the Debtor and the Committee in their sole discretion:

(a) The Confirmation Order has been entered by the Bankruptcy Court, and is not subject to any stay or injunction.

(b) The Confirmation Order is in form and substance satisfactory to the Debtor and the Committee in their sole discretion.

(c) The sale of Assets to the Endowment has closed.

(d) \$9,800,000 Cash has been deposited in the Fund and transferred to the Settlement Trust.

(e) Debtor's claims against the Great Divide Candidate Insurers have been assigned to the Settlement Trustee.

(f) All actions, documents, and agreements necessary to implement the Plan will have been effected or executed, including, but not limited to, the Plan Documents.

20.2 Debtor's Obligations to Cause Effective Date to Occur. Upon satisfaction of the conditions to the Effective Date and occurrence of the Effective Date, the Debtor will cause the following to occur:

(a) Payment, Cure and Reinstatement or Setoff of Allowed Claims Other Than Tort Claims. The Reorganized Debtor will pay or make provision for the prompt payment to holders of Allowed Claims to whom payments, pursuant to the Plan, are to be made on the Effective Date by the Debtor.

(b) Deliveries to Settlement Trust and Litigation Trust. Unless the Settlement Trust and the Litigation Trust (or the Litigation Reserve) have been earlier established, the Reorganized Debtor will cause the Settlement Trust and the Litigation Trust to be established. The Reorganized Debtor will deliver all amounts transferred to the Fund as of the Effective Date and any other assignments or pledges to the Settlement Trustee pursuant to the allocation ordered in the Confirmation Order.

20.3 Waiver of Conditions. The Debtor and the Committee, in their sole discretion, may waive any of the conditions to the occurrence of the Effective Date including waiver of the conditions regarding the effectiveness of the Confirmation Order in Section 20.1 above, any time, from and after the Confirmation Date. In that event, the Debtor will be entitled to render any or all of its performance under the Plan prior to what otherwise would be the Effective Date if the above-referenced conditions were not waived, including, but not limited to, the right to perform under any circumstances which would moot any appeal, review, or other challenge of any kind to the Confirmation Order, if the Confirmation Order is not stayed pending such appeal, review, or other challenge.

20.4 Effect of Non-occurrence of Conditions. If the consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will: (a) constitute a waiver or release of any Claims by or against the Debtor; (b) prejudice in any manner the rights of the Debtor; (c) constitute an admission, acknowledgement, offer, or undertaking by the Debtor in any respect, including, but not limited to, in any proceeding or case against the Debtor; or (d) be admissible in any action, proceeding or case against the Debtor in any court or other forum.

20.5 Merger; Choice of Law. All obligations of the Debtor to all Creditors will be merged into the Plan, the Settlement Trust, the Litigation Trust, the Plan Documents and any other documents executed by the Reorganized Debtor in connection with confirmation of the Plan and the occurrence of the Effective Date and delivered to the respective affected Creditors.

All such obligations of the Reorganized Debtor will be evidenced by the Plan and such executed and delivered Plan Documents, the Settlement Trust and the Litigation Trust. Unless otherwise provided therein, such documents will be governed by and construed in accordance with Alaska law.

20.6 Other Obligations of the Reorganized Debtor. The Reorganized Debtor will:

(a) review all Claims filed against the Estate other than Tort Claims and Future Tort Claims and, if warranted, object to Claims within the time period provided in Section 16.8(a) of the Plan;

(b) determine whether and under what circumstances to pursue the Retained Claims and any other actions preserved for the benefit of the Reorganized Debtor and not otherwise assigned to the Fund; and

(c) perform all of its obligations under the Plan Documents, including, without limitation, those obligations provided in the Settlement Trust Agreement and the Litigation Trust Agreement.

## ARTICLE 21

### EFFECTS OF CONFIRMATION

21.1 Discharge. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtor and the Diocese will be discharged from and their liability will be extinguished completely in respect of any Claim and debt, whether reduced to judgment or not, liquidated or unliquidated, Contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or future, that arose from any agreement of the Debtor or the Diocese entered into or obligation of the Debtor or the Diocese incurred before the Confirmation Date, or from any conduct of the Debtor or the Diocese prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such Claims and debts, whether such interest accrued before or after the Petition Date; all Claims and debts based upon or arising out of Tort Claims, Future Tort Claims and from any liability of the

kind specified in Bankruptcy Code §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under Bankruptcy Code § 501, such Claim is Allowed under Bankruptcy Code § 502, or the holder of such Claim has accepted the Plan; provided, however, that, any Tort Claims arising as a result of sexual abuse that is committed after the Petition Date will not be discharged.

21.2 Vesting. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Reorganized Debtor will be vested with all of the property of the Estate free and clear of all Claims, liens, encumbrances, charges and other interests of Creditors, and the Reorganized Debtor will, thereafter, hold, use, dispose or otherwise deal with such property, operate its business and conduct its ministry and mission free of any restrictions imposed by the Bankruptcy Code or by the Court. All Retained Claims are hereby preserved for the benefit of the Reorganized Debtor. Any Claims, causes of action or demands transferred to the Fund are preserved for the benefit of the Settlement Trustee under the Settlement Trust or under the Litigation Trust.

21.3 Channeled Claims. Except as otherwise expressly provided in the Plan and in this Article 21, in consideration of the promises and obligations of the Settling Parties under the Plan, including the establishment and funding of the Future Claims Reserve, the Settlement Trust and the Litigation Trust (or the Litigation Reserve, if applicable), all Persons who have held, hold, or may hold Tort Claims or Future Tort Claims, whether known or unknown, asserted or unasserted, will be forever barred from pursuing such Claims, whether such Claims are based upon tort or contract or otherwise, that they heretofore, now or hereafter possess or may possess against the Settling Parties, in each case based upon or in any manner whatsoever arising from or related to any acts or omissions of CBNA or the Diocese or any of the other Settling Parties related to any sexual misconduct or other acts and/or omissions by any clergy, employees, volunteers or other Persons associated with CBNA or the Diocese and, further, including, without limitation: (a) Tort Claims or Future Tort Claims; (b) Claims for bodily injuries and/or personal injuries, including emotional distress, mental distress, mental anguish and humiliation;

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(c) those of any Person against whom any Claim, demand, proceeding, suit or cause of action based upon or in any manner arising from or relating to any of the matters enumerated or described herein that has been or may be asserted (including, without limitation, rights of indemnity, whether contractual or otherwise, Contribution Claims, Jesuit Fault Allocation Claims and subrogation Claims); (d) those for damages, including punitive damages; (e) those for attorneys' fees and other expenses, fees or costs; (f) those for any possible economic loss or loss of consortium; (g) those for damages to reputation; and (h) those for any equitable remedy. Except as otherwise expressly provided in the Plan and the Plan Documents, including the Settlement Trust and the Litigation Trust, the provisions of this Section 21.3 will further operate, as between all Settling Parties, as a mutual release of all Claims which any Settling Party may have against another Settling Party. The foregoing channeling provisions are an integral part of the Plan and are essential to its implementation.

21.4 Exculpation and Limitation of Liability. None of the Released Parties will have or incur any liability to, or be subject to any right of action by, any holder of a Claim or any other party in interest or any of their respective agents, employees, officers, directors, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Reorganization Case, the pursuit of confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct; and in all respects such parties will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan or in the context of the Reorganization Case.

21.5 Permanent Injunction Against Prosecution of Released and Channeled Claims. Except as otherwise expressly provided in the Plan, for the consideration described herein, or described in any agreement by which a Person becomes a Settling Party, or if such Person is a Released Party on the Effective Date, all Persons who have held, hold, or may hold Channeled Claims or Claims against CBNA, the Diocese, any Settling Party or any Released Party, whether known or unknown, and their respective civil law and Canon Law officers, directors, officials, THIRD AMENDED JOINT PLAN OF REORGANIZATION Page 77 of 89  
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representatives, council members, employees, agents, attorneys, and all others acting for or on their behalf, will be permanently enjoined on and after the Effective Date from: (a) commencing or continuing in any manner, any action or any other proceeding of any kind with respect to any Claim, including, but not limited to, any Tort Claim or any Future Tort Claim against the Parties or the property of the Parties; (b) seeking the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Parties or the property of the Parties, with respect to any discharged Claim or Channeled Claim; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Parties or the property of the Parties with respect to any discharged Claim or Channeled Claim; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Parties with respect to any discharged Claim or Channeled Claim; and (e) taking any act, in any manner and in any place whatsoever, that does not conform to or comply with provisions of the Plan or the Plan Documents, including, the Settlement Trust Agreement or the Litigation Trust Agreement. Notwithstanding this Section 21.5, each Litigation Tort Claimant (including any Future Tort Claimant who opts for the Future Tort Claim Litigation Process will be entitled to continue or commence an action against the Settlement Trustee (in his capacity as trustee only and not in his individual capacity) for the sole purpose of obtaining a judgment as permitted by the Litigation Trust Agreement, the Litigation Protocol, the Future Tort Claim Litigation Process and the Plan, thereby liquidating such Litigation Tort Claimant's (including such Future Tort Claimant's, if applicable) Claim so that he or she may be paid with other Allowed Tort Claimants in the ordinary course of the operations of the Litigation Trust or the Future Claims Reserve, consistent with the provisions of the Litigation Trust Agreement, the Litigation Protocol, the Future Claims Reserve, the Future Tort Claim Litigation Process and the Plan. The holder of any such judgment will be enjoined from executing against the Litigation Trust, the Litigation Reserve (if applicable) or the Future Claims Reserve, their assets or the assets of any of the Parties or the Settlement Trust. In the event any Person takes any action that is prohibited by, or is otherwise inconsistent with the provisions of Article 21 of the Plan, then, upon notice to the Court by an

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affected Party, the action or proceeding in which the Claim of such Person is asserted will automatically be transferred to the Court (or, as applicable, the District Court) for enforcement of the provisions of Article 21 of the Plan. The foregoing injunctive provisions are an integral part of the Plan and are essential to its implementation.

## **ARTICLE 22**

### **SETTLEMENT WITH THE PARISH CHURCHES, THE MONROE FOUNDATION AND THE CATHOLIC TRUST OF NORTHERN ALASKA**

In order to facilitate implementation of the Plan, CBNA is entering into a settlement agreement with the Parish Churches, the Monroe Foundation, and the CTNA. Under the Parish Settlement Agreement, the Parishes will contribute \$650,000 Cash from their unrestricted deposits with the CTNA to the Fund. Under the Monroe Foundation Settlement Agreement, the Monroe Foundation will contribute \$150,000 Cash to the Fund. The monies from the Parish Settlement and the Monroe Foundation Settlement will be used to settle the various disputes as to Parish Church Real Property, Monroe Foundation assets, and the avoidance actions claim against the CTNA. Under the settlements, the Parish Churches, the Monroe Foundation and the CTNA will become Participating Third Parties and Settling Parties pursuant to Article 21 of the Plan.

## **ARTICLE 23**

### **MODIFICATION OF PLAN**

The Plan may be modified by the Debtor and the Committee or the Reorganized Debtor (as applicable) from time to time in accordance with, and pursuant to, Bankruptcy Code § 1127. The Plan may be modified by the Debtor and the Committee at any time before the Confirmation Date, provided that the Plan, as modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtor and the Committee have complied with Bankruptcy Code § 1125. Each holder of a Claim that has accepted the Plan will be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not adversely change the treatment of the Claim of such holder. Each holder of a Claim that votes in favor of the Plan authorizes the Debtor to modify, at any time prior to the Effective Date and without the

requirement of further solicitation, the treatment provided to the Class of Claims such Claims are classified in, provided that the Bankruptcy Court determines that such modification is not material. To the extent that it is determined that the Litigation Reserve will be established within the Settlement Trust and no Litigation Trust will be utilized, the Plan will be deemed modified without any further action on behalf of the Debtor or the Committee.

## ARTICLE 24

### RETENTION OF JURISDICTION

Notwithstanding confirmation of the Plan and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction for the following purposes:

24.1 In General. The Bankruptcy Court will retain jurisdiction to determine the allowance and payment of any Claims upon any objections thereto (or other appropriate proceedings) by the Debtor, by the Reorganized Debtor, or by any other party in interest entitled to proceed in that manner. As part of such retained jurisdiction, the Bankruptcy Court will continue to determine the allowance of Administrative Claims and any request for payment thereof, including Administrative Claims for Professional Charges. The Bankruptcy Court will not retain or obtain jurisdiction to determine any internal disputes between or among the Debtor (or the Diocese), a Parish or any other related Person that, under applicable Canon Law, would be determined in a specialized religious court.

24.2 Tort Claims and Future Claims. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction to hear and determine and take such actions as are necessary or appropriate with respect to the allowance or disallowance of Tort Claims or Future Tort Claims so long as such retained jurisdiction is consistent with the terms of the Plan, the Settlement Trust or the Litigation Trust.

24.3 Plan Disputes and Enforcement. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction to determine any dispute which may arise regarding the interpretation of any provision of the Plan. The Bankruptcy Court will also retain jurisdiction to enforce any provisions of the Plan and any and all Plan Documents,

including, but not limited to, any actions to enforce the discharge, releases and injunctions provided for in Article 21 of the Plan. The Bankruptcy Court will also retain jurisdiction over any matter relating to the implementation, effectuation, and/or consummation of the Plan as expressly provided in any provision of the Plan.

24.4 Further Orders. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction to facilitate the performance of the Plan by entering, consistent with the provisions of the Plan, any further necessary or appropriate order regarding enforcement of the Plan, the Plan Documents and any provisions thereof, and to protect the Debtor, the Reorganized Debtor, the Settling Parties and the Released Parties from actions prohibited under the Plan. The Bankruptcy Court will retain jurisdiction to hear and determine any requests to modify the Future Claims Reserve as provided in Section 13.5(b) above. In addition, the Bankruptcy Court will retain jurisdiction to facilitate or implement the allowance, disallowance, treatment, or satisfaction of any Claim, or any portion thereof, pursuant to the Plan (other than Tort Claims or Future Tort Claims, except to the extent that any retained jurisdiction is consistent with the Plan, the Settlement Trust and the Litigation Trust) to which an objection has not been filed prior to the Effective Date.

24.5 Retained Claims. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction with respect to any Retained Claims.

24.6 Issuance of Process. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction to issue any process necessary or appropriate to facilitate the actions and powers of the Special Arbitrator, including, but not limited to, issuance of subpoenas to compel attendance of witnesses, Settling Tort Claimants and Future Tort Claimants who participate in the Future Tort Claim Settlement Process at depositions, hearings and mediation as determined by the Special Arbitrator, in accordance with the terms of the Plan.

24.7 Governmental Units or Regulatory Agencies. The Bankruptcy Court will retain jurisdiction to adjudicate any dispute or to hear and determine any action taken, proposed, or threatened by any state, federal, or local governmental regulatory agency or unit having or

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asserting jurisdiction or power over the conduct of the business of the Debtor and/or the Reorganized Debtor.

24.8 Final Decree. The Bankruptcy Court will retain jurisdiction to enter an appropriate final decree in the Reorganization Case.

24.9 Appeals. In the event of an appeal of the Confirmation Order or any other kind of review or challenge to the Confirmation Order, and provided that no stay of the effectiveness of the Confirmation Order has been entered, the Bankruptcy Court will retain jurisdiction to implement and enforce the Confirmation Order and the Plan according to their terms, including, but not limited to, jurisdiction to enter such orders regarding the Plan or the performance thereof as may be necessary to effectuate the reorganization of the Debtor.

24.10 Executory Contracts. The Bankruptcy Court will retain jurisdiction to determine any and all motions regarding assumption or rejection of Executory Contracts and any and all Claims arising therefrom.

24.11 Claims. Subject to the limitations set forth in Section 24.1 above, the Bankruptcy Court will retain jurisdiction: (a) to hear and determine any Claim or cause of action by or against the Debtor, the Debtor's officers, officials, employees or representatives, the Chapter 11 Professionals, and the Reorganized Debtor (except with respect to any internal disputes between and among CBNA, the Diocese, a Parish or any other related Person that, under applicable Canon Law, would be determined in a specialized religious court); (b) to adjudicate any causes of action or other proceeding currently pending or otherwise referenced here or elsewhere in the Plan, including, but not limited to, the adjudication of the Retained Claims and any and all "core proceedings" under 28 U.S.C. §157(b) which may be pertinent to the Reorganization Case and which the Debtor or the Reorganized Debtor may deem appropriate to initiate and prosecute before the Bankruptcy Court in aid of the implementation of the Plan; (c) to approve any settlements between or among CBNA, the Committee, the Settlement Trustee and the party against whom CBNA, the Committee and/or the Settlement Trustee asserts a Retained Claim, and (d) to hear objections to Tort Claims prior to the Effective Date.

24.12 Modification of the Plan. The Bankruptcy Court will retain jurisdiction to modify the Plan pursuant to the provisions of the Plan.

24.13 Failure of Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of the Reorganization Case, including matters set forth in this Article 24, such lack of jurisdiction will not diminish, control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

## ARTICLE 25

### AMENDMENT TO ENDOWMENT

25.1 Amendment. Prior to the Effective Date but after the Confirmation Order becomes a Final Order, the Endowment Documents will be amended as follows:

(a) The UPMIFA Amendment. The Endowment Documents will be amended to provide that at least twice annually, on or about March 31 and October 31, the Diocesan Bishop, in consultation with the Diocesan Finance Office and after consulting with the Diocesan Finance Council, may determine such spending distributions from one or more of the Endowments as is prudent for the uses, benefits, purposes and perpetual duration for which an Endowment was established. In determining the spending distributions, the Diocesan Bishop is to act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. The relevant factors to be considered by the Diocesan Bishop in setting the spending distributions for a particular period will be determined by the Diocesan Bishop in consultation with the Diocesan Finance Office and the Diocesan Finance Council.

(b) The Investment Policy Amendment. The Endowment Documents will be amended to add the following provision to the Investment Guidelines as that term is defined in the Endowment Documents:



(i) Real estate: real estate includes developed or undeveloped land and buildings that are suitable for use as investment, mission, or school property.

(ii) Investment property will have appropriate income, capital appreciation, marketability and administrative costs characteristics.

(iii) Mission and School Property must have stable value and the property's use must be necessary for the long term mission of the Catholic Church in Northern Alaska.

(c) The asset allocations will be amended as follows:

	<u>Maximum</u>	<u>Minimum</u>	<u>Target</u>
Total Return Based Pooled Fund:			
Real Estate	70%	0%	40%
Equities	70%	25%	45%
Fixed Income	50%	5%	10%
Cash	20%	0%	5%

25.2 Limitation on Authority. Notwithstanding any modifications to the Endowment Documents pursuant to the Plan, the authority of the Diocesan Bishop to determine the spending distributions will be limited to an amount equal to no more than six and .25 percent (6.25%) of the fair market value of the applicable Endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of the preceding three (3) years.

25.3 Incorporation into Confirmation Order. The Confirmation Order will set forth the modifications to be made to the Endowment Documents as provided for in this Article 25.

25.4 Implementation of Amendment. Prior to the Effective Date but after entry of the Confirmation Order and after the Confirmation Order becomes a Final Order, the Diocesan Bishop may amend the Endowment Documents to the extent necessary or appropriate to implement the modifications to the Endowment Documents provided for in the Plan.



## ARTICLE 26

### REORGANIZATION OF CBNA

26.1 Continued Corporate Existence and Operation of the Reorganized Debtor. The Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all powers of a religious corporation sole under the laws of the State of Alaska and without prejudice to any right to alter or terminate such existence under applicable state law but subject to applicable Canon Law. On and after the Effective Date, the Reorganized Debtor and the Diocese may operate their respective businesses and carry on the ministry and the mission of the Roman Catholic Church and may use, acquire, or dispose of property, and compromise or settle any Claims without supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

26.2 Management of Reorganized Debtor. From and after the Effective Date, the Reorganized Debtor will continue to be managed in accordance with the principles of Canon Law and applicable state law, and the Bishop will be the sole director of the Reorganized Debtor.

26.3 Reorganization of Parishes. Prior to the Effective Date, but after the Confirmation Date and after consultation with the Parishes, the civil structure of the Parishes may be reorganized. The form of such parish reorganization, if any, will be disclosed prior to the Confirmation Hearing and, thereafter, incorporated into the Plan but only to the extent it involves any property in which CBNA has a legal interest. Notwithstanding the structure of such reorganization, if any, such reorganization will comply, in all respects, with Canon Law. Any disputes regarding the interpretation and governance of the legal structure and operation of a Parish will be referred for determination to the appropriate agency or tribunal provided for under Canon Law.

## ARTICLE 27

### GENERAL PROVISIONS

27.1 Extension Of Payment Dates. If any payment date falls due on any day which is not a Business Day, then such due date will be extended to the next Business Day.

27.2 Notices. Any notice required or permitted to be provided under the Plan will be in writing and served by regular first class mail, electronic mail, overnight delivery, or hand-delivery.

27.3 Closing of the Case. At such time as the Plan has been fully administered and/or the Plan has been substantially consummated, the Reorganized Debtor will file an application for Final Order showing that the Plan has been fully administered or substantially consummated upon notice to only those Creditors and parties that, after the Effective Date, have specifically requested, after which an order approving the Reorganized Debtor's final report and closing the Reorganization Case may be entered.

27.4 Interest. Whenever interest is to be computed under the Plan, interest will be simple interest and not compounded.

27.5 Additional Assurances. The Debtor, the Reorganized Debtor, the Settlement Trustee and the Creditors holding Claims herein, including Tort Claims and Future Tort Claims will execute such other further documents as are necessary to implement any of the provisions of the Plan.

27.6 Confirmation By Nonacceptance Method. The Debtor and the Committee hereby request, if necessary, confirmation of the Plan pursuant to Bankruptcy Code § 1129(b) with respect to any impaired Class of Claims which does not vote to accept the Plan.

27.7 Withdrawal Of Plan. The Plan may be withdrawn or revoked prior to entry of the Confirmation Order in which event the provisions of Sections 20.4 and 27.12 will apply.

27.8 Severability And Reformation. It is the Debtor's and the Committee's intention to comply fully with the Bankruptcy Code and applicable nonbankruptcy law in proposing the Plan.

Therefore, if any provision of the Plan is determined by the Bankruptcy Court to be contrary to  
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the Bankruptcy Code or applicable nonbankruptcy law, that provision will be deemed severed and automatically deleted from the Plan, if it cannot be reformed or the provision or its interpretation will be deemed reformed to ensure compliance; provided, however, that nothing contained in this Section will prevent the Debtor and the Committee from modifying the Plan in any manner whatsoever in accordance with and as set forth in the Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this Section, any such severance or reformation will be stated specifically in the Confirmation Order, which then will control notwithstanding any contrary or inconsistent provisions of the Plan.

27.9 Prohibition Against Prepayment Penalties. If the Debtor or the Reorganized Debtor chooses, in its sole and absolute discretion, to prepay any obligation on which deferred payments are provided for under the Plan, the Debtor or the Reorganized Debtor will not be liable or subject to the assessment of any prepayment penalty thereon unless otherwise ordered by the Bankruptcy Court.

27.10 Fractional Dollars. Notwithstanding any other provision of the Plan, no payments or distributions under the Plan of or on account of fractions of dollars will be made. When any payment or distribution of or on account of a fraction of a dollar to any holder of an Allowed Claim would otherwise be required, the actual payment or distribution made will reflect a rounding of such fraction to the nearest whole number (up or down).

27.11 Payment Of Statutory Fees And Filing of Quarterly Reports. All fees payable pursuant to Section 1980 of Title 28 of the United States Code, 28 U.S.C. § 1980, as determined by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed in accordance with applicable bankruptcy law.

27.12 Reservation of Rights. Except as expressly provided herein, the Plan will have no force or effect unless the Confirmation Order is entered by the Bankruptcy Court and the Effective Date has occurred. None of the filing of the Plan, any statement or provision contained

herein, or the taking of any action by the Debtor or the Committee with respect to the Plan will be or will not be deemed to be an admission or waiver of any rights of the Debtor or the Committee with respect to the holders of Claims prior to the Effective Date or with respect to any matter which is pending before or may come before the Bankruptcy Court for determination in the Bankruptcy Case.

27.13 No Professional Fees or Expenses. No professional fees or expenses will be paid by the Debtor or the Reorganized Debtor with respect to any Claim except as specified in the Plan or as Allowed by Final Order of the Court.

27.14 Dissolution of Committee. Upon the occurrence of the Effective Date, the Committee will be dissolved.

27.15 Headings. The headings of the articles, paragraphs, and sections of the Plan are inserted for convenience only and will not affect the interpretation hereof.

27.16 Section 1146 Exemption. Pursuant to Bankruptcy Code § 1146(c), any transfers of property pursuant hereto will not be subject to any document, recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

27.17 Successors and Assigns. The rights, benefits and obligations of any Person named or referred to in the Plan will be binding upon, and will inure to the benefit of, the heir, executor, administrator, successor or assign of such Person.

DATED: December 16, 2009.

CATHOLIC BISHOP OF NORTHERN ALASKA,  
an Alaska religious corporation sole

By Donald J. Kettler  
Bishop Donald J. Kettler

Responsible Person for the Catholic Bishop of  
Northern Alaska

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By: PACHULSKI STANG ZIEHL & JONES LLP

By \_\_\_\_\_  
Its Attorneys for the Official Committee of  
Unsecured Creditors

Prepared and Submitted By:

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By \_\_\_\_\_  
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Kasey C. Nye  
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Tucson, Arizona 85701-  
1621

In re Catholic Bishop of Northern Alaska, Case No. 08-00110-DMD

DATED: December 16, 2009.

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By /s/ James I. Stang  
Its Attorneys for the Official Committee of  
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By /s/ Susan G. Boswell  
Susan G. Boswell  
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Lori L. Winkelman

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Hamid Rafatjoo

Attorneys for the Official Committee of Unsecured Creditors

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Tucson, Arizona 85701-  
1621

# EXHIBIT A



**EXHIBIT "A"**

**CBNA REAL PROPERTY**

<b>Property</b>	<b>Description</b>
Chancery 1316-1318 Peger Rd. Fairbanks, AK 99709	The Chancery Office is located just off of Airport Road in Fairbanks and serves as the main offices of CBNA and the Fairbanks Diocese. It was appraised in late 2007 at a value of \$1.1 million. The Chancery will be sold to the Endowment on or before the Effective Date.
Diocesan Residence and Conference Center (Kobuk Center) 2890 N. Kobuk Ave., Fairbanks AK 99709	The Kobuk Center is located just off of Airport Road in Fairbanks and serves as a conference center used for retreats and other CBNA and Diocesan business; it also serves as a residence for priests including the bishop of the Fairbanks Diocese and guest quarters for ministers visiting Fairbanks from the bush. It was appraised in late 2007 at a value of \$1.1 million. The Kobuk Center will be sold to the Endowment on or before the Effective Date.
Warehouses 1316 Peger Rd. Fairbanks, AK 99709	The Diocesan Warehouses are on the same campus as the Chancery and Kobuk Center. CBNA uses the Warehouses for staging supplies and materials for shipping to bush Parish Churches. CBNA considers the Warehouses essential to its ability to subsidize and assist the bush Parish Churches. CBNA intends to retain the Warehouses for ministry purpose. The Warehouses will be sold to the Endowment on or before the Effective Date.
Fairbanks Counseling & Adoption 912 Barnette St., Fairbanks, AK	The Fairbanks Counseling and Adoption Center is an office building in central Fairbanks which CBNA leases to its sister charity, Fairbanks Counseling and Adoption ("FCA"), at below market rent. FCA provides essential charitable services to the people of Fairbanks and northern Alaska in general, including providing counseling to victims of sexual abuse. In addition to providing FCA discounted rent, CBNA provides FCA a small operating subsidy. The Fairbanks Counseling and Adoption Center will be sold to the Endowment on or before the Effective Date.
Kateri Tekakwitha Center/Convent; Galena, AK	Named after the first Blessed, the Kateri Tekakwitha Center, located in Galena, Alaska on the Yukon River, serves eight (8) Athabascan Indian villages in the interior and houses three religious women. The primary work of the Center is to educate and support Catholics in the villages of Galena, Huslia, Kaltag, Koyukuk, McGrath, Nulato, Ruby and Tanana to become proficient in administering their local parishes in the absence of priests, brothers and sisters. The Kateri Tekakwitha Center strives to enable and empower Athabascan villagers lay ministry as Prayer Leaders, Eucharistic Ministers, Lectors, Sacristans and Parish Administrators in their home

Property	Description
	parishes. The work of the Center is essential to the Fairbanks Diocese's ministry and CBNA's ability to support the Parish Churches in the interior region. CBNA does not believe that there is any significant market in Galena for the Kateri Tekakwitha Center. The Kateri Tekakwitha Center will be sold to the Endowment on or before the Effective Date.
Aircraft Hangar 3548 University Ave., Fairbanks, AK 99709	CBNA constructed an airplane hangar sufficient to hold two aircraft on land that is the subject of a long term ground lease from the Fairbanks Airport Authority. In the past, CBNA housed aircraft used for mission travel at the Hangar. In December 2008, CBNA successfully sold the primary aircraft housed at the location. The Hangar will be sold to the Endowment on or before the Effective Date.
Jesuit Residence 1318 Peger Rd., Fairbanks, AK 99709	The Jesuit Residence is a 4 bedroom, 2 bath residence featuring a chapel and 4-car garage located in central Fairbanks and has been estimated to have a market value of \$255,000. It is part of the collateral pool securing the \$1 million of Debtor-in-Possession financing provided by the Great Falls Billings Diocese. CBNA will retain the property under the Plan subject to the lien in favor of Great Falls Billings.
CBNA 14.5 Acres raw land next to Chancery - House of Prayer	There is a parcel of approximately 14.5 acres of raw land near the Chancery Offices and Kobuk Center. This land is also part of the Collateral pool securing the \$1 million of Debtor-in-Possession financing provided by the Great Falls Billings Diocese. CBNA will retain the property under the Plan subject to the lien in favor of Great Falls Billings.
Catholic Schools – Vacant Lot	This is a vacant lot adjacent to the CSF campus. CBNA intends to sell this lot.
CSF Convent, 615 Betty Street, Fairbanks, AK 99701	This is a small residential building/convent adjacent to the CSF campus. The CSF Convent will be sold to the Endowment on or before the Effective Date.
Harding Lake Chapel and Lot, 11239 Salcha Dr., Harding Lake, AK	This is a small chapel located near some vacation cabins on Harding Lake that are used by certain families in summer. Visiting priests say mass at this location occasionally to a handful of Catholic families who vacation at Harding Lake during the summer. CBNA intends to sell the Chapel to a group of the families who own vacation cabins.
KNOM Radio Station, 107 West Third Street, Nome, AK 99762	There are five properties associated with KNOM in Nome: (1) Station, Garage, Generator, Cold Storage + Lot; (2) Volunteer house + Lot; (3) South Steadman Lot; (4) West 3rd Ave Lot; and (5) North Steadman (@ 3rd Ave) Lot. CBNA scheduled the KNOM real property at a value of \$780,000. However, that was based on an estimate by a banker and not a formal appraisal. CBNA believes that there is no market value to the lot with the Station,

Property	Description
	<p>Garage, Generator and Cold Storage because the building on the lot was built as a radio station studio, with significant wiring in the walls, no kitchen, and only public style restrooms. Any other user would need to either completely gut the building or raze it and construct a new building. Such a cost would make the building worth almost nothing in Nome's marketplace. Further, there is no market whatsoever for a radio station in Nome. Indeed, KNOM's competitor in Nome, KICY, which is a commercial radio station, has to supplement its budget by doing salmon barbecue fundraisers at Covenant Churches throughout the lower 48 states. The reason for this is that there simply are not enough retailers in the listening area to purchase sufficient advertising. The KNOM real property will be sold to the Endowment on or before the Effective Date.</p>
Harding Lake Second Tier Vacant Lot	<p>This is a second tier lot located at Harding Lake that is suitable for constructing a vacation cabin. CBNA has been attempting to sell this lot for a number of years, but has so far been unsuccessful. CBNA will either sell or retain this parcel.</p>
Oknagamut raw land remote 23.15 acres	<p>This is a very remote parcel of raw land that has primarily been used by area Native people for subsistence since time immemorial. CBNA presently is in negotiations with a nearby Alaska Native village corporation which is interested in purchasing this parcel to ensure that subsistence uses continue into the future.</p>
Akulurak raw land remote 66.06 acres	<p>This is a very remote parcel of raw land that has primarily been used by area Native people for subsistence since time immemorial. CBNA recently obtained Court approval to sell this property to Alakanuk Native Corporation an Alaska Native village corporation, for \$25,000. The sale has closed and the proceeds of the sale will be used to fund CBNA's payment obligations on the Effective Date.</p>
Two Rivers Vacant Lot	<p>The Two Rivers Vacant Lot was donated to CBNA. Unfortunately the donor placed significant restrictions on CBNA's ability to sell this property whereby the donors must not only approve the purchaser, but also must approve the purchaser's plans for the property. CBNA has brought what it believed to be three viable offers for the property that have all been rejected by the donors. In light of the unwieldy restrictions on this gift, CBNA intends to return the property to the donors.</p>

Property	Description
Pilgrim Springs 320 acres Historic Hot Springs 70 miles northeast of Nome AK,	<p>Pilgrim Hot Springs ("Pilgrim Springs") is a verdant 320 acre enclave of fee land owned by CBNA located in western Alaska, about 46 miles (75 km) north of Nome. This property is surrounded by lands controlled by an ANCSA Native Village Corporation, the Mary's Igloo Native Corporation (MINC). The MINC lands, in turn, lie within a very large land swath, some of which is controlled by an ANCSA Native Regional Corporation known as Bering Straits Native Corporation (BSNC). It should be noted that the old village site of Mary's Igloo is approximately seven (7) miles northwest of Pilgrim Springs. The Pilgrim Springs access road crosses some lands owned by the MINC, the BSNC and state-selected lands for the State of Alaska. CBNA believes that the Pilgrim Springs property has substantial development potential as a source of geothermal power in the region, or more limited tourist or agricultural uses.</p> <p>CBNA will auction this property to the highest bidder in connection with the Confirmation Hearing.</p>

# EXHIBIT B

**EVALUATION FACTORS TO BE USED BY SPECIAL  
ARBITRATOR IN ALLOCATING DISTRIBUTIONS FROM THE  
SETTLEMENT TRUST**

1. Type, nature and severity of the abuse
  - Exposure, touching, rape, etc.
  - Duration of abuse
  - Number of incidents
  - Circumstances of the incidents
2. Vulnerability of the victim
  - Relationship of the child to the perpetrator (position of trust vs. passing acquaintance, etc.)
  - Nature and extent of damages suffered
3. Age of the victim at the onset of abuse
4. Overall conduct of the perpetrator
  - Serial abuser with many victims vs. one time or limited involvement
5. Mitigating or aggravating factors
  - Statute of limitations issues
  - Incarceration or criminal conduct of victim
  - Present physical or emotional condition of victim

# EXHIBIT C



**Individuals against whom a complaint of abuse has been asserted by  
more than one person:**

Priests

Rev. Rene Astruc, SJ  
Rev. Norman Donohue, SJ  
Rev. Jules Convert, SJ  
Rev. George Endal, SJ  
Rev. Francis Fallert, SJ  
Rev. Harold Greif, SJ  
Rev. Henry Hargreaves, SJ  
Rev. James Jacobson, SJ  
Rev. Segundo Llorente, SJ  
Rev. Angus McDonald  
Rev. Richard McCaffrey, SJ  
Rev. William McIntyre, SJ  
Rev. Francis Nawn, SJ  
Rev. James Poole, SJ  
Rev. Brad Reynolds, SJ

Deacons

Deacon Pat Beans, Sr.

Brothers

Br. Robert Benish, SJ  
Br. Ignatius Jakes, SJ

Sisters

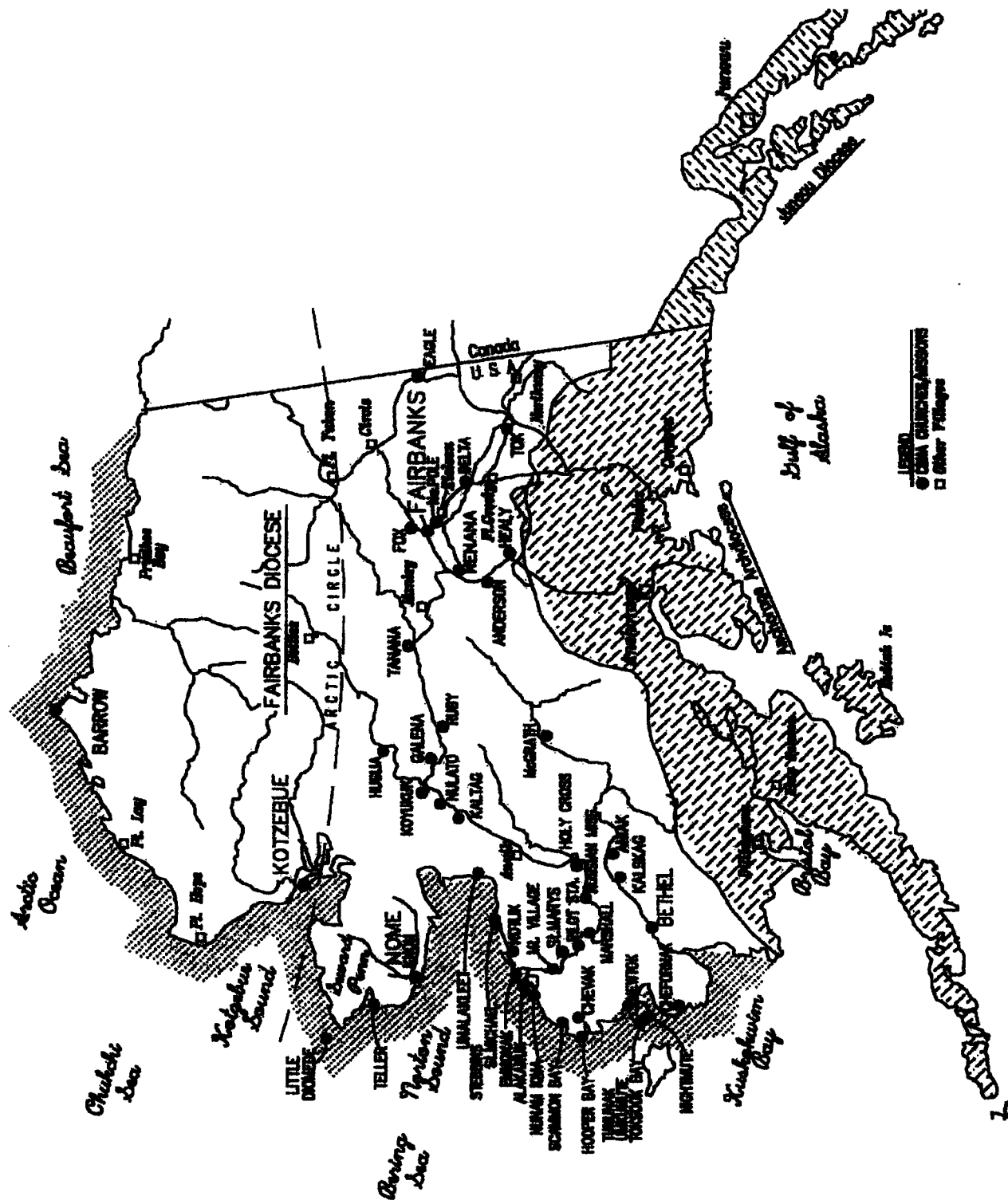
Sr. Mary Asia  
Sr. Pascal

Lay persons

Joseph Lundowski  
Anton Smario

## **EXHIBIT "2"**

# FAIRBANKS DIOCESE



## **EXHIBIT "3"**

**Individuals against whom one person has brought a complaint of sexual abuse:**

Priests

Rev. Charles Bartles, SJ  
Rev. Robert Corrigan, SJ  
Rev. Andrew Eordogh, SJ  
Rev. John Fox, SJ  
Rev. James Laudwein, SJ  
Rev. Paul Linssen, SJ  
Rev. Bernard McMeel, SJ  
Rev. Cornelius Murphy, SJ  
Rev. Paul O'Conner, SJ  
Rev. Charles Saalfeld, SJ  
Rev. John Wood, SJ

Deacons

Deacon Joseph Lake, Sr.

Brothers

Br. Francis Fox, SJ

Sisters

Sr. Evelyn  
Sr. Mary Joanne  
Sr. Mary Rosalia  
Sr. Marion Jude  
Sr. Rita

Lay persons

Vincent Fox  
Alec Hunt  
Steve Joe

# EXHIBIT 4





Catholic Bishop of Northern Alaska  
Plant Fund  
Historical Analysis  
6/30/2000-6/30/2008

Building Fund	06/30/00	Weight	06/30/01	Weight	06/30/02	Weight	06/30/03	Weight	06/30/04	Weight	06/30/05	Weight	06/30/06	Weight	06/30/07	Weight	06/30/08	Weight	00/08 Average	Avg Wght
<b>Revenue</b>																				
Interest, dividends, realized gains	8,470	0.42%	42,007	6.22%	8,079	1.01%	5,496	1.29%	86,224	2.61%	119,479	21.57%	210,847	36.91%	163,006	25.22%	122,788	52.72%	85,155	16.44%
Endowment Income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	28,184	4.94%	30,843	4.77%	32,037	13.75%	10,119	2.61%
Sale of capital assets	28,820	1.42%	-	0.00%	16,700	2.08%	21,469	5.04%	2,914,989	88.31%	149,632	27.02%	260,000	45.51%	3,295	0.51%	14,030	6.02%	378,772	18.55%
Temporarily Restricted Gifts	1,992,365	98.16%	633,619	93.78%	778,227	96.91%	143,475	33.67%	106,680	3.23%	116,912	21.11%	30,755	5.38%	414,280	64.09%	64,071	27.51%	475,586	49.32%
Funds from parishes	-	0.00%	-	0.00%	-	0.00%	255,738	60.01%	193,091	5.85%	187,807	30.30%	41,452	7.26%	35,006	5.42%	-	0.00%	77,010	12.09%
<b>Total Revenue</b>	<b>2,029,655</b>		<b>675,626</b>		<b>803,006</b>		<b>426,178</b>		<b>3,300,974</b>		<b>593,830</b>		<b>571,248</b>		<b>646,430</b>		<b>232,926</b>		<b>1,026,653</b>	
<b>Expenditures</b>																				
Capital assets	138,864	3.38%	51,998	8.83%	26,907	4.07%	132,125	15.30%	56,661	8.68%	40,351	4.11%	169,835	22.82%	11,254	1.94%	1,545	0.26%	69,948	7.71%
Construction costs	3,896,711	94.84%	369,883	62.83%	446,797	67.60%	596,307	69.04%	384,064	58.82%	828,944	84.34%	512,173	68.83%	430,027	74.27%	396,628	67.31%	873,504	71.99%
Insurance	1,222	0.03%	1,256	0.21%	5,824	0.88%	4,435	0.51%	4,844	0.74%	1,365	0.14%	1,271	0.17%	9,685	1.67%	9,024	1.53%	4,325	0.65%
Interest - loans and service charges	-	0.00%	-	0.00%	-	0.00%	21,123	2.45%	26,610	4.08%	24,180	2.46%	21,340	2.87%	18,820	3.25%	10,906	1.85%	13,664	1.88%
Maintenance	60,486	1.47%	4,330	0.74%	37,930	5.74%	25,636	2.97%	47,534	7.28%	20,986	2.14%	5,283	0.71%	465	0.08%	3,259	0.55%	22,880	2.41%
Portfolio management fees	-	0.00%	-	0.00%	-	0.00%	-	0.00%	25,349	3.88%	18,367	1.87%	10,383	1.40%	9,694	1.67%	6,708	1.14%	7,833	1.11%
Postage and freight	4,553	0.11%	142,282	24.17%	51,046	7.72%	30,909	3.58%	30,809	4.72%	14,002	1.42%	372	0.05%	8,442	1.48%	67,789	11.50%	38,909	6.08%
Supplies	2,588	0.06%	5,640	0.86%	14,632	2.21%	9,484	1.10%	10,960	1.66%	5,352	0.54%	1,315	0.18%	2,686	0.46%	5,767	0.98%	6,489	0.91%
Taxes, licenses, fees, bad debts	10	0.00%	7,307	1.24%	-	0.00%	921	0.11%	17,211	2.64%	5,362	0.55%	234	0.03%	-	0.00%	25	0.00%	3,454	0.51%
Travel	1,510	0.04%	2,361	0.40%	7,387	1.12%	11,256	1.30%	7,997	1.22%	3,764	0.38%	1,577	0.21%	800	0.10%	7,870	1.34%	4,925	0.68%
Utilities and telephone	931	0.02%	-	0.00%	12,671	1.92%	4,225	0.85%	5,555	0.85%	7,348	0.75%	4,580	0.62%	552	0.10%	152	0.03%	4,002	0.53%
Wages, benefits, FICA tax	2,038	0.05%	3,624	0.62%	57,739	8.74%	27,285	3.16%	35,403	5.42%	12,849	1.31%	15,720	2.11%	86,794	14.99%	79,543	13.50%	35,667	5.54%
<b>Total Expenditure</b>	<b>4,108,894</b>		<b>588,561</b>		<b>660,933</b>		<b>863,716</b>		<b>652,987</b>		<b>982,900</b>		<b>744,083</b>		<b>579,019</b>		<b>589,214</b>		<b>1,085,602</b>	
<b>Revenues Over/(Under) Expenditures</b>	<b>(2,079,239)</b>		<b>86,965</b>		<b>142,073</b>		<b>(437,538)</b>		<b>2,647,977</b>		<b>(429,070)</b>		<b>(172,835)</b>		<b>67,411</b>		<b>(356,288)</b>		<b>(58,949)</b>	

## **EXHIBIT "5"**

Cash Flow From Operating Activities									
Cash Inflow:	Unaudited 06/30/04	Unaudited 06/30/05	\$ Variance	% Variance	Unaudited 06/30/05	Unaudited 06/30/06	\$ Variance	% Variance	Unaudited 06/30/07
Tuition and fees	1,977,139	2,079,158	102,019	5.16%	2,079,158	1,905,242	(173,916)	-8.36%	2,073,731
After school program	117,260	139,640	22,380	19.09%	139,640	150,248	10,608	7.60%	170,554
Camp cornet	-	17,670	17,670	100.00%	17,670	49,588	31,918	180.63%	55,515
Athletics	51,635	57,666	6,031	11.68%	57,666	42,167	(15,499)	-26.88%	66,210
Co-curricular	17,437	22,329	4,892	28.06%	22,329	22,449	120	0.54%	20,209
Contributions	444,741	483,065	38,324	8.62%	483,065	536,309	53,244	11.02%	420,227
Miscellaneous	9,140	16,432	7,292	79.78%	16,432	3,875	(12,557)	-76.42%	2,925
Total cash inflow	2,617,352	2,815,960	198,608	7.59%	2,815,960	2,709,878	(106,082)	-3.77%	2,809,371
Cash outflow:									
Admin supplies	13,304	17,087	3,783	28.44%	17,087	14,852	(2,235)	-13.08%	13,874
Technology	31,554	49,259	17,705	56.11%	49,259	56,709	7,450	15.12%	64,224
Printing	37,084	28,414	(8,670)	-23.38%	28,414	30,288	1,874	6.60%	29,805
Dues, subscriptions, memberships	3,821	4,105	284	7.43%	4,105	3,756	(349)	-8.50%	4,224
Fees	14,798	17,751	2,953	19.96%	17,751	26,066	8,315	46.84%	23,005
Insurance	19,731	17,419	(2,312)	-11.72%	17,419	20,294	2,875	16.50%	27,153
Postage and freight	7,179	9,989	2,810	39.14%	9,989	10,928	939	9.40%	8,836
Professional services	12,282	14,302	2,020	16.45%	14,302	7,094	(7,208)	-50.40%	10,416
Professional development	6,487	1,080	(5,407)	-83.35%	1,080	1,955	875	81.02%	2,531
Marketing	13,271	22,992	9,721	73.25%	22,992	16,620	(6,372)	-27.71%	22,944
Travel	3944	3,143	(801)	-20.31%	3,143	2,817	(326)	-10.37%	1,502
Maintenance	317,642	129,477	(188,165)	-59.24%	129,477	139,139	9,662	7.46%	130,003
Utilities	147,397	192,065	44,668	30.30%	192,065	224,453	32,388	16.86%	236,162
Wages	2,246,358	2,294,522	48,164	2.14%	2,294,522	2,328,061	33,539	1.46%	2,438,198
After school programs	10,480	8,878	(1,602)	-15.29%	8,878	8,386	(492)	-5.54%	10,347
Curricular and co-curricular	131,124	131,034	(90)	-0.07%	131,034	117,147	(13,887)	-10.60%	122,864
Athletic programs	110,579	97,037	(13,542)	-12.25%	97,037	64,736	(32,301)	-33.29%	110,418
Scholarships	10,285	15,003	4,815	46.82%	15,100	13,685	(1,415)	-9.37%	11,925
Tuition assistance	149,920	179,776	29,856	19.91%	179,776	103,610	(76,166)	-42.37%	149,630
Total cash outflow	3,287,240	3,233,430	(53,810)	-1.64%	3,233,430	3,190,596	(42,834)	-1.32%	3,420,878
Net Cash Flow From Recurring Operating Activities	(669,888)	(417,470)	252,418	-37.68%	(417,470)	(480,718)	(63,248)	15.15%	(611,507)
Cash Flow From Non Operating Activities									
Cash inflows:									
Interest revenue	802	140	(662)	-82.54%	140	3,017	2,877	2055.00%	1,781
Monroe Foundation	751,462	467,459	(284,003)	-37.79%	467,459	636,569	169,110	36.18%	640,724
Total cash inflow	752,264	467,599	(284,665)	-37.84%	467,599	639,586	171,987	36.78%	642,505
Cash outflows:									
Monroe Foundation	23,018	53,951	30,933	134.39%	53,951	150,955	97,004	179.80%	-
Total cash outflow	23,018	53,951	30,933	134.39%	53,951	150,955	97,004	179.80%	-
Net Cash Flow From Non-Operating Activities	729,246	413,648	(315,598)	-43.28%	413,648	488,631	74,983	18.13%	642,505
							</		

Catholic Schools of Fairbanks  
Five Year Lookback  
Fiscal Years Ending 06/30/04 - 06/30/08

Cash Flow From Operating Activities	Unaudited 06/30/07	Unaudited 06/30/08	\$ Variance	% Variance
Cash inflow:				
Tuition and fees	2,073,731	1,938,185	(135,546)	-6.54%
After school program	170,554	163,390	(7,164)	-4.20%
Camp comet	55,515	52,111	(3,404)	-6.13%
Athletics	66,210	51,899	(14,311)	-21.61%
Co-curricular	20,209	19,448	(761)	-3.77%
Contributions	420,227	408,340	(11,887)	-2.83%
Miscellaneous	2,925	2,630	(295)	-10.09%
Total cash inflow	2,809,371	2,636,003	(173,368)	-6.17%
Cash outflow:				
Admin supplies	13,874	14,535	661	4.76%
Technology	64,224	64,146	(78)	-0.12%
Printing	29,805	24,612	(5,193)	-17.42%
Dues, subscriptions, memberships	4,224	4,118	(106)	-2.51%
Fees	23,005	36,530	13,525	58.79%
Insurance	27,153	26,069	(1,084)	-3.99%
Postage and freight	8,836	9,693	857	9.70%
Professional services	10,416	4,626	(5,790)	-55.59%
Professional development	2,531	6,001	3,470	137.10%
Marketing	22,944	12,682	(10,262)	-44.73%
Travel	4,319	2,622	(1,697)	-39.29%
Maintenance	130,003	171,715	41,712	32.09%
Utilities	236,162	263,447	27,285	11.55%
Wages	2,438,198	2,355,965	(82,233)	-3.37%
After school programs	10,347	10,570	223	2.16%
Curricular and co-curricular	122,864	129,024	6,160	5.01%
Athletic programs	110,418	62,694	(47,724)	-43.22%
Scholarships	11,925	52,813	40,888	342.88%
Tuition assistance	149,630	150,452	822	0.55%
Total cash outflow	3,420,878	3,402,314	(18,564)	-0.54%
Net Cash Flow From Recurring Operating Activities	(611,507)	(766,311)	(154,804)	25.32%
Cash Flow From Non Operating Activities				
Cash inflows:				
Interest revenue	1,781	16,257	14,476	812.80%
Monroe Foundation	640,724	761,878	121,154	18.91%
Total cash inflow	642,505	778,135	135,630	21.11%
Cash outflows:				
Monroe Foundation	-	-	-	0.00%
Total cash outflow	-	-	-	0.00%
Net Cash Flow From Non-Operating Activities	642,505	778,135	135,630	21.11%
Increase/(decrease) in cash flow	30,998	11,824	(19,174)	-61.86%

# EXHIBIT 6

less<475,099>  
expensed assets  
-157,884  
(actual loss)

# **EXHIBIT "7"**



Catholic Bishop of Northern Alaska  
an Alaska Religious Corporation Sole  
Form 7 Statement of Financial Affairs  
Line 14 - Property Held for Others (Amended)  
April 23, 2008

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Diocesan Rice Bowl Reserve P.O. Box 17090 Baltimore, MD 21203-7090	Custodial Funds	\$ 2,669.74	
Third World Store 1316 Peger Rd. Fairbanks, AK 99709-5199	Custodial Funds	526.23	
Campaign for Human Development P.O. Box 73141 Baltimore, MD 21273	Custodial Funds	\$ 13,048.18	
Bishop Kettler Funds 1316 Peger Rd. Fairbanks, AK 99709-5199	Custodial Funds	\$ 541.84	
Lay Spirituality Religious Association 1316 Peger Rd. Fairbanks, AK 99709-5199	Custodial Funds	\$ 819.47	
Aid to Latin America P.O. Box 73140 Baltimore, MD 21273	Custodial Funds	\$ 108.00	
Black and Indian Collection 2021 H Street, NW Washington, DC 20006-4207	Custodial Funds	\$560.78	
World Mission Collection Society of the Propagation of the Faith 366 Fifth Avenue New York, NY 10001 Catholic Near East Welfare Association 1011 First Avenue New York, NY 10022-4195	Custodial Funds	\$3,318.00	
Catholic Relief Services Collection P.O. Box 73140 Baltimore, MD 21273	Custodial Funds	\$177.00	
Holy Land Collection Regional Commission of the Holy Land Washington, DC St. Louis, MO Los Angeles, CA	Custodial Funds	289.00	

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Catholic Home Missions Collection P.O. Box 73142 Baltimore, MD 21273	Custodial Funds	\$110.00	
Religious Retirement Collection P.O. Box 73140 Baltimore, MD 21273	Custodial Funds	\$5,600.18	
Section 125 Plan Medical/Dental and Dependent Care Participant Withholding	Custodial Funds	\$35,393.60	
Catholic Schools of Fairbanks Student Funds – Alaska State Math – Calculator 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$3,272.40	
Catholic Schools of Fairbanks Student Funds – ICS Student Council 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$348.15	
Catholic Schools of Fairbanks Student Funds – ASP Store 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$33.25	
Catholic Schools of Fairbanks Student Funds – School Store 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$1,885.82	
Catholic Schools of Fairbanks Student Funds – Library – Book Fair 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$1,973.79	
Catholic Schools of Fairbanks Student Funds – JR-High Student Council 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$665.65	
Catholic Schools of Fairbanks Student Funds – MHS Class of 2011 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$150.00	
Catholic Schools of Fairbanks Student Funds – MHS Class of 2010 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$817.67	

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Catholic Schools of Fairbanks Student Funds – MHS Class of 2009 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$1,594.72	
Catholic Schools of Fairbanks Student Funds – MHS Class of 2008 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$3,294.30	
Catholic Schools of Fairbanks Student Funds – MHS - National Honor Society 615 Monroe Street Fairbanks, AK 99701	Custodial Funds	\$483.72	
Airplane Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 1,050.00	
Construction Support Endowment 1316 Peger Rd.* Fairbanks, AK 99709-5199	Various pooled investments	\$ 544,421.68	
Retreat Center Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 10,800.00	
Village Travel Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 459,769.58	
Seminarian Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 219,276.56	
Rural Deacon Program Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 4,641.42	
Youth Ministry Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 100.00	
CBNA Missions Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 8,654,716.22	
CBNA Missions Support Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 35,156.55	

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Mission Programs Endowment* 1316 Peger Rd. Fairbanks, AK 99709-5199	Various pooled investments	\$ 2,849,354.36	
Diocesan Priest Retirement Trust** 1316 Peger Rd. Fairbanks, AK 99709-5199	Principal -- Various pooled investments	\$ 69,642.74	
Diocesan Priest Retirement Trust** 1316 Peger Rd. Fairbanks, AK 99709-5199	Principal -- Various pooled investments	\$ 633,549.46	
Diocesan Priest Retirement Trust** 1316 Peger Rd. Fairbanks, AK 99709-5199	Retained Income -- Various pooled investments	\$ 3,894.31	
Diocesan Priest Retirement Trust** 1316 Peger Rd. Fairbanks, AK 99709-5199	Retained Income -- Various pooled investments	(\$ 74,600.15)	
Monroe Foundation Endowment*** 615 Monroe Street Fairbanks, Alaska 99701	Principal -- Various pooled investments	\$ 1,372,421.56	
Monroe Foundation Endowment*** 615 Monroe Street Fairbanks, Alaska 99701	Retained Income -- Various pooled investments	\$ 49,873.56	
C. E. Connelly- Terhune****	457 Plan	43,646.51	Wells Fargo Bank
George Bowlder****	457 Plan	88,884.75	Wells Fargo Bank
Marie Duffy****	457 Plan	24,383.85	Wells Fargo Bank
Stephen Heckman****	457 Plan	3,457.30	Wells Fargo Bank
Theresa Burik****	457 Plan	6,824.39	Wells Fargo Bank
Nancy Dewitt****	457 Plan	12,112.46	Wells Fargo Bank
Julia Rodgers****	457 Plan	32,980.85	Wells Fargo Bank
St. Raphael Catholic Parish***** P.O. Box 10508 Fairbanks, AK 99710	A tract of land located within and being that portion of Government Lot Eleven (11), Section Eighteen (18), Township One North (T1N), Range One East (R1E), Fairbanks Meridian, Fairbanks Recording District, Fourth Judicial District, State of Alaska, lying Westerly of the centerline of the Steese Highway and Northerly of the Northerly centerline of McGrath Road.	Unknown	Fairbanks, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Holy Mary of Guadalupe***** P.O. Box 32 Healy, AK 99743	Tri-Valley Subdivision Block 1, Lot 1, 1.811 acres, according to the plat filed September 26, 1978 as plat number 78-9, records of the Nenana Recording District, Fourth Judicial District, State of Alaska. (Portion of property is leased pursuant to ground lease with Usibelli Coal Mine, Inc.)	Unknown	Healy, AK
St. Theresa Catholic Church***** P.O. Box 312 Nenana, AK 99760	Lot Five (5) of Block Nine (9), Lot Sixteen (16), Block Thirty Eight (38), Lot Sixteen (16), Block Forty Five (45), Lots Twenty Two (22), Twenty One (21), Three (3), Four (4), Block Five (5), Anderson Subdivision, Subdivision of the Art Anderson Homestead, in the City of Anderson, Alaska, according to the plat filed October 21, 1965 as Instrument No. 65-341, Records of the Nenana Recording District, Fourth Judicial District, State of Alaska.	Unknown	Nenana, AK
Sacred Heart Cathedral***** 2501 Airport Way Fairbanks, AK 99709	PAN: 0573787	Unknown	Fairbanks, AK
Our Lady of Sorrows Church***** 2565 Deborah Street Delta Junction, AK 99737	Lots Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Sixteen (16), Seventeen (17), Eighteen (18), Nineteen (19), Twenty (20), and Twenty-One (21), Block Twelve (12), of the North Addition to the Townsite of Delta Junction, Fairbanks Recording District, Fourth Judicial District, State of Alaska.	Unknown	Delta Junction, AK
Our Lady of Sorrows Church***** 2565 Deborah Street Delta Junction, AK 99737 Leased property	Lots Fourteen (14) and Fifteen (15), Block Twelve (12), of the North Addition to the Townsite of Delta Junction, Fairbanks Recording District, Fourth Judicial District, State of Alaska.	Unknown	Delta Junction, AK
Holy Rosary***** P.O. Box 369 Tok, AK 99780	Lot One (1) of the lands embraced in U.S. Survey No. 2726, situated on the west side of the "Slana-Tok" Highway at the junction with the Alaska Highway, Alaska, Records of the Fairbanks Recording District, Fourth Judicial District, State of Alaska. The area described contains 1.11 acres, according to the official plat of the survey of the said land, on file in the Bureau of Land Management.	Unknown	Tok, AK
St. Mark University Parish***** 1265 Deborah Fairbanks, AK 99737	PAN: 0577812	Unknown	Fairbanks, AK
Immaculate Conception Church***** P.O. Box 428 Bethel, AK 99559	Lots 3 and 4, Block 17 Lot 14, Block 15, Townsite of Bethel, U.S. Survey 3230 A and B; Records of the Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Bethel, AK
St. Nicholas Catholic Church***** 707 St. Nicholas Dr. North Pole, AK 99705	Church Tract A shown on the replat of Lots 13, 14, 15 and 17A, Block One (1), Baker Subdivision and Church Tract East Addition Beaver Subdivision, according to the plat filed January 18, 2006 as Plat No. 2006-11; Records of the Fairbanks Recording District, Fourth Judicial District, State of Alaska.	Unknown	North Pole, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Immaculate Conception Church***** 115 N. Cushman Street Fairbanks, AK 99701	PAN: 0086321	Unknown	Fairbanks, AK
St. Ignatius at Alakanuk***** P.O. Box 53 Alakanuk, AK 99554	Lot Six (6), Block Eight (8), Tract B, as shown on the official plat of U.S. Survey 4405, Townsite of Alakanuk, as accepted by the Chief, Division of Engineering, for the Director on October 17, 1968. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Alakanuk, AK
St. Theresa at Aniak***** P.O. Box 308 Aniak, AK 99557	Lot 5, Block 5, Lot 3, Block 6, Tract A, Townsite of Aniak, U.S. Survey 3093 A and B; Records of the Kuskokwim Recording District, Fourth Judicial District, State of Alaska; and the property measures approximately (200) two hundred feet by (250) two hundred fifty feet. It forms a rectangle facing the Kuskokwim River and lying in a Northeasterly direction; Beginning at Stake No.1, on the River bank, extending (200) feet back to Stake No.2, extending in a down stream direction (250) two hundred fifty feet to Stake No.3, extending (200) two hundred feet to Stake No. 4, finally extending in an upstream direction (250) two hundred fifty feet to Stake No. 1, the place of beginning; Records of the Kuskokwim Recording District, Fourth Judicial District, State of Alaska.	Unknown	Aniak, AK
St. Patrick at Barrow***** P.O. Box 389 Barrow, AK 99723	Lots Eleven (11) and Twelve (12), Block Thirty One (31) as shown on the official plat of Barrow Townsite, U.S. survey 4615 accepted by the Chief, Division of Engineering for the Director on September 2, 1964. Barrow Recording District, Second Judicial District, State of Alaska.	Unknown	Barrow, AK
St. Catherine of Siena***** P.O. Box 90 Chefornak, AK 99561	Lot One (1), Block Eight (8), Tract "A," as shown on the official plat of U.S. Survey 4421, Chefornak Townsite, as accepted by the Chief, Division of Cadastral Survey, for the Director, on March 2, 1972. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Chefornak, AK
Sacred Heart at Chevak***** P.O. Box 249 Chevak, AK 99563	Lot Two (2), Block 32, Chevak Lake Subdivision, Plat 97-6, and Lot Four (4), Block 21, Chevak Subdivision, according to Plat 93-17 Records of the Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Chevak, AK
Sacred Heart at Emmonak***** P.O. Box 69 Emmonak, AK 99581	Lots Thirteen (13), and Fourteen (14), Block Eleven (11), Tract "B," as shown on the official plat of U.S. Survey 4402, Emmonak Townsite, as accepted by the Chief, Division of Engineering, for the Director, on June 12, 1968. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Emmonak, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Holy Family at Holy Cross***** P.O. Box 101 Holy Cross, AK 99602	2 page Warranty Deed; and all oil, gas and mineral rights reserved in the Correcting Grant Deed dated December 23, 1970 and recorded on January 9, 1971 in Book 7 at Page 188, Records of the Kuskokwim Recording District, Fourth Judicial District, State of Alaska.	Unknown	Holy Cross, AK
Little Flower of Jesus***** P.O. Box Hooper Bay, AK 99604	All of Block Nine (9), Tract "A," as shown on the official plat of U.S. Survey 4420, Hooper Bay Townsite, as accepted by the Chief, Division of Cadastral Survey, for the Director, on April 1, 1971. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Hooper Bay, AK
St. Francis Regis***** P.O. Box 89 Huslia, AK 99746	Land situated approximately 1/4 mile SE of Huslia, U.S.S. 4211, Patent No. 50-68-0264. Nulato Recording District, Fourth Judicial District, State of Alaska.	Unknown	Huslia, AK
Immaculate Conception***** P.O. Box 11 Kalskag, AK 99607	Lot Seven (7) and Eight (8), Block Five (5), Tract "A," as shown on the official plat of U.S. Survey 4413, Townsite of Upper Kalskag, Alaska, as accepted by the Chief, Division of Cadastral Survey, for the Director on May 13, 1971; Records of the Kuskokwim Recording District, Fourth Judicial District, State of Alaska.	Unknown	Kalskag, AK
St. Teresa***** P.O. Box 69 Kaltag, AK 99748	Lot 2 of the land embraced in U.S. Survey No. 2351, situated in the unsurveyed town of Kaltag, Alaska. The area described contains 2.85 acres, according to the Official Plat of the Survey of the said Land; two cabins' sites have been purchased for the purpose of erecting a church and a residence in the village of Kaltag itself. The frontage of this property is about 95 ft and 150 ft deep. The first one was bought from Adolph Muller in June 29, 1928 and the second September 7, 1937, from Nick Nicoli, according to the Declaration of Ownership of land on file in the Bureau of Land Management, Records of the Nulato Recording District, Fourth Judicial District, State of Alaska.	Unknown	Kaltag, AK
St. Joseph***** P.O. Box 20228 Kotlik, AK 99620	Lot One (1), Block Nine (9), Tract "B," as shown on the official plat of U.S. Survey 4497, Townsite of Kotlik, as accepted by the Chief, Division of Cadastral Survey, for the Director on March 12, 1969, Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Kotlik, AK



NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
St. Francis Xavier***** P.O. Box 358 Kotzebue, AK 99752	That portion of Lot 10, Block 13 described as follows: Beginning at Corner No. 8, U.S. Survey 2863A, Kotzebue Township, thence N. 44 degrees 01 minute E., 646.49 feet; thence S. 45 degrees 59 minutes W., 200 feet to the point of beginning, containing 129,298 square feet; my log cabin situated in Kotzebue, Alaska, together with the contents thereof with Gleeson Log Cabin, according to the Quitclaim deed recorded on July 5, 1956 in Volume 35 of Deeds, page 142; Lot 1 of Block 12, Tract A, Township of Kotzebue, U.S. Survey 2863 A and B with easement for existing roads and trails; Lot 1 of Block 3, Tract A, Township of Kotzebue, U.S. Survey 2863 A and B with easement for existing roads and trails; Lot #19, Block 5, Tract A, Kotzebue, Alaska with house situate thereon and furnishings and fixtures contained therein; Kotzebue Recording District, Second Judicial District, State of Alaska.	Unknown	Kotzebue, AK
St. Patrick***** P.O. Box 10 Koyukuk, AK 99754	Embraced in U.S. Survey No. 4041, situated on the right bank of the Yukon River, in the village of Koyukuk Alaska, containing .95 of an acre. Nulato Recording District, Fourth Judicial District, State of Alaska.	Unknown	Koyukuk, AK
St. Jude***** General Delivery Little Diomed, AK 99762-7999	Roman Catholic Church property, Little Diomed. Cape Nome Recording District, Second Judicial District, State of Alaska.	Unknown	Little Diomed, AK
Immaculate Heart of Mary***** P.O. Box 69 Marshall, AK 99585	Block 9, Lots 1 and 2, Pilcherview Subdivision No. 3, according to the official plat thereof filed under Plat No. 91-10 in the records of the Bethel Recording District, Fourth Judicial District, State of Alaska, EXCEPTING any easements, reservations and exceptions of record, and EXCEPTING all interests in the subsurface estate underlying the property.	Unknown	Marshall, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
St. Michael***** P.O. Box 141 McGrath, AK 99627	A portion of the D.W. Sprague Homestead Subdivision plat filed August 6, 1953 as Plat Number 17.078; Records of the Mt. McKinley Recording District, Fourth Judicial District, State of Alaska, shown as an unnumbered lot lying north of the 20 foot pipeline Easement and northeast of the Existing C.A.A. Road, and more particularly described as follows: Commencing at the southwest corner of Lot 26 of the D.W. Sprague Homestead Subdivision as marked by the 1/2" galvanized pipe and the TRUE POINT OF BEGINNING of the herein described parcel, thence southeasterly along the easterly right-of-way line of the Existing C.A.A. Road a distance of 159 feet, more or less, to a point on the northerly right-of-way line of the 20 foot Pipeline Easement (also known as "A" Street); thence N. 37°35' E. a distance of 132 feet, more or less, to the southeast corner of Lot 27 of the D.W. Sprague Homestead Subdivision; thence westerly along the south line of Lots 27 and 26 of the D.W. Sprague Homestead Subdivision a distance of 200 feet, more or less, to the southwest corner of Lot 26 and the TRUE POINT OF BEGINNING of this parcel, comprising 10,432 feet, more or less and Lot Number 26 and 27 in a subdivision of a portion of the D.W. Sprague Homestead, U.S. Survey No. 1962, at McGrath, according to a plat thereof filed in the office of the recorder for the Mt. McKinley Recording Precinct on the 6th day of August, 1953, under instrument Number 17078; located in the Mt. McKinley Recording District, State of Alaska.	Unknown	McGrath, AK
St. Lawrence***** P.O. Box 32205 Mountain Village, AK 99632	Lot Eleven (11), Block Sixteen (16), as shown on the official plat of U.S. Survey 4412 Mountain Village Townsite, as accepted by the Chief, Division of Cadastral Survey for the Director on September 27, 1979. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Mountain Village, AK
Holy Family***** P.O. Box 5569 Newtok, AK 99559	Notice of Townsite; Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Newtok, AK
Our Lady of Perpetual Help***** P.O. Box 90035 Nightmute, AK 99690	Lot Three (3), Block One (1) and Lot Six(6), Block Five (5), as shown on the official plat of U.S. Survey 4423, Alaska, Nightmute Townsite, as accepted by the Deputy State Director for Cadastral Survey, Alaska, for the Director on May 23, 1988, and located within the Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Nightmute, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
St. Joseph***** P.O. Box 1010 Nome, AK 99762	Lots 32B and 34B of Block 65A, according to the official plat recorded on February 14, 1989 as Plat 89-3, and Lot 35A, Block 65A, according to the official plat recorded on October 21, 1983 as Plat 83-29, Less Beginning at the NW corner a distance of Five (5) feet east, then a distance of one hundred forty and twenty-one hundredths (140.21) feet south, then a distance of five (5) feet west, then a distance of one hundred forty and twenty-one hundredths (140.21) feet north to the point of beginning of lot 35A, block 65A, Townsite of Nome, Alaska according to the official plat of U.S. Survey 451, as amended in 1983, per Plat 83-29; Records of the Cape Nome Recording District, Second Judicial District, State of Alaska.	Unknown	Nome, AK
Our Lady of the Snows***** P.O. Box 89 Nulato, AK 99765	Lots 1 and 6A, Block 1, Replat of Lots 2 and 3, Block 7, Tract A of USS 4370 and a portion of USS 724, Nulato, Alaska filed as Plat No. 86-1. Subject to all easements, exceptions, restrictions, covenants, rights of way of record, and notes, if any, on the Subdivision Plat Nulato Recording District, Fourth Judicial District, State of Alaska.	Unknown	Nulato, AK
St. Peter***** P.O. Box 45 Nunam Iqua, AK 99666	Roman Catholic Church Property, Nunam Iqua, Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Nunam Iqua, AK
St. Charles Spinola***** P.O. Box 5120 Pilot Station, AK 99650	Lot Six (6), Block Four (4), Tract "A," as shown on the official plat of U.S. Survey 4489, Alaska, Pilot Station Townsite, as accepted by the Chief, Division of Cadastral Survey, for the Director on January 15, 1971 and located within the Bethel. Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Pilot Station, AK
St. Peter in Chains***** P.O. Box 207 Ruby, AK 99768	Lot 2, Block 8, Tract A, U.S. Survey 50-88, and The land embraced in U.S. Survey 4022, situated in the Village of Ruby on the Yukon River, Alaska; the area described contains 0.24 of an acre, according to the Official Plat of the Survey of the said Land, on file in the Bureau of Land Management. Nulato Recording District, Fourth Judicial District, State of Alaska.	Unknown	Ruby, AK
Our Lady of Guadalupe***** P.O. Box 56 Russian Mission, AK 99657	Lot 23, Netsvetov Subdivision, according to plat thereof 96-17. Office of the Recorder, Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Russian Mission, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
Church of the Nativity***** P.O. Box 109 St. Mary's, AK 99658	Lot 1 and 2, Block 6 of the Plat of the City of St. Mary's, adopted August 18, 1969, by the City Council, and filed for record in the Wade Hampton Recording District, September 2, 1969, as Serial No. 69-1A. Situated, lying and being in the Bethel Recording District, Second Judicial District, State of Alaska; Lots Fifteen (15) and Seventeen (17), Block Nine (9), and Lots Four (4), Ten (10), Eleven (11), Block Ten (10), City of Saint Marys, Addition No. 1, located in U.S. Survey 2984, according to the official plat thereof, filed under Plat Number 72-47, Lots Three (3) and Four (4), Block Twenty-two (22), City of Saint Marys Subdivision, Addition No. 3, located within U.S. Survey 2984, according to the official plat thereof, filed under Plat Number 74-567, Lot TWO (2) of Block SIX (6) of the Plat of the City of St. Mary's, adopted August 18, 1969, by the City Council, and filed for record in the Wade Hampton Recording District, September 2, 1969, as Serial No. 69-1A. Records of the Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	St. Mary's, AK
St. Michael***** P.O. Box 29 St. Michael, AK 99659	Lot Three (3), Block Fifteen (15), Tract "C," as shown on the official plat of U.S. Survey 5579, St. Michael Townsite, as accepted by the Acting Chief, Cadastral Survey Examination and Approval Staff, for the Director on July 30, 1981; Beginning at corner No. 1, a basalt rock 26x8x8 inches, marked RCM Cor. No. 1, with mound of earth, from which U.S. Location Monument No. 6 bears south seventeen degrees, thirty minutes west twenty-two and forty-nine hundredths chains distant; thence, north eleven minutes east nine and nine-hundredths chains to corner No. 2, a basalt rock 25x8x7 inches, marked with cross on top and RCM 2, with mound of earth; thence, south eighty-nine degrees, forty-nine minutes east three and three-hundredths chains to corner No. 3, a basalt rock 26x12x6 inches, marked with cross on top and R C M 3, with mound of earth; thence south eleven minutes west nine and nine-hundredths chains to corner No. 4, a basalt rock 28x10x6 inches, marked with cross on top and R C M 4, with mound of earth; thence north eighty-nine degrees, forty-nine minutes west three and three-hundredths chains to corner No. 1, the place of beginning, containing two and seventy-five-hundredths acres, according to the Official Plat of the Survey of the said Land, returned to the General Land Office by the Surveyor-General, Cape Nome Recording District, Second Judicial District, State of Alaska.	Unknown	St. Michael, AK
Blessed Sacrament***** P.O. Box 170 Scammon Bay, AK 99662	Lots 4 and 5, Block 10, Lot 7, Block 12; Records of the Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Scammon Bay, AK

NAME AND ADDRESS OF OWNER	DESCRIPTION OF PROPERTY	VALUE OF PROPERTY	LOCATION OF PROPERTY
St. Bernard***** P.O. Box 71102 Stebbins, AK 99671	Lot One (1), Block Nine (9), Tract A, and Lot Two (2), Block Seven (7), Tract A, as shown on the official plat of U.S. Survey 4491, Stebbins Townsite, as accepted by the Chief, Division of Cadastral Survey for the Director on July 29, 1970; Records of the Cape Nome Recording District, Second Judicial District, State of Alaska.	Unknown	Stebbins, AK
St. Aloysius***** P.O. Box 6 Tanana, AK 99777	Lots 7, 8, 9, Block 7; according to the Tanana Townsite Survey of 1955, Records of the Ft. Gibbon Recording District, Fourth Judicial District, State of Alaska.	Unknown	Tanana, AK
St. Ann at Teller***** P.O. Box 1010 Nome, AK 99762	Lots Three (3) and Four (4) in Block Two (2) of the Townsite of Teller, U.S. Survey 3452 A and B; together with the building situated thereon; Records of the Cape Nome Recording District, Second Judicial District, State of Alaska.	Unknown	Teller, AK
St. Peter the Fisherman***** P.O. Box 37046 Toksook Bay, AK 99637	Lot Two (2) and Three (3), Block Seven (7), as shown on the official plat of U.S. Survey 5024 Toksook Bay Townsite, as accepted by the Chief, Division of Cadastral Survey for the Director on May 21, 1975; Bethel Recording District, Fourth Judicial District, State of Alaska.	Unknown	Toksook Bay, AK

## **EXHIBIT "8"**

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ALASKA**

In re: Case No. F08-00110-DMD

Chapter 11

CATHOLIC BISHOP OF NORTHERN  
ALASKA,

Debtor.

Filed On  
9/16/08

CATHOLIC BISHOP OF NORTHERN  
ALASKA,

Plaintiff,

v.

Adv. No. F08-90019-DMD

CONTINENTAL INSURANCE COMPANY,  
CATHOLIC MUTUAL RELIEF SOCIETY  
OF AMERICA, THE CATHOLIC RELIEF  
INSURANCE COMPANY OF AMERICA,  
ALASKA NATIONAL INSURANCE  
COMPANY, and TRAVELERS CASUALTY  
AND SURETY COMPANY, FORMERLY  
KNOWN AS AETNA CASUALTY AND  
SURETY COMPANY,

Defendants.

**REPORT AND RECOMMENDATION REGARDING THE DEFENDANT'S  
MOTION TO WITHDRAW THE REFERENCE**

To: The United States District Court



### Introduction

Defendant Travelers Casualty and Surety Company has filed a motion to withdraw the reference of this proceeding to the United States District Court for the District of Alaska. All other named defendants have joined this motion. The plaintiff, Catholic Bishop of Northern Alaska, opposes the motion and urges the bankruptcy court to retain the matter. The issues have been fully briefed and are ready for determination.

The Bankruptcy Court submits the following report to the United States District Court, and recommends that the motion to withdraw the reference be granted. This is a non-core proceeding. Further, the defendants are entitled to a jury trial and do not consent to trial before the bankruptcy court. Should trial of this matter become necessary, the reference must be withdrawn to the District Court in accordance with 28 U.S.C. § 157(e). However, for the reasons stated below, it is further recommended that the Bankruptcy Court retain this proceeding until all pre-trial matters, including dispositive motions, have been concluded and this proceeding is ready for trial.

### Case Background

The Catholic Bishop of Northern Alaska ("CBNA"), an Alaskan religious corporation sole, conducts the civil affairs of the Diocese of Fairbanks. CBNA filed its chapter 11 petition on March 1, 2008. At the time of filing, approximately 150 tort claimants alleging sexual abuse from priests and others affiliated with the Diocese had filed civil actions in state court against CBNA.

CBNA's insurers dispute coverage of the tort claims. In fact, one of CBNA's insurers contends it never issued insurance policies to CBNA and, in 2006, initiated a civil action in the United States District Court for the District of Alaska seeking a determination that no policies existed.<sup>1</sup> The pending tort claims and the insurance disputes are factors which precipitated CBNA's bankruptcy filing.

After filing its chapter 11 petition, CBNA initiated the instant adversary proceeding in the bankruptcy court. CBNA seeks a declaratory judgment regarding the scope of coverage provided by the various insurance policies issued by the defendants. Specifically,

Plaintiff CBNA requests the Court to issue a declaratory judgment setting forth an adjudication with regard to all of the provisions of all the Defendants' respective primary and excess/umbrella liability insurance policies, as to which CBNA is an insured, that are required to be addressed in order to establish the scope of coverage currently available to Plaintiff CBNA and/or potentially available to Plaintiff CBNA under the Defendants' various liability policies, and each of them, with regard to the claims of the current claimants in the pending Alaska Clergy Abuse Cases, and also with regard to future claims that may be brought against CBNA, . . . and such other and further supplemental relief

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<sup>1</sup> *Continental Ins. Co. v. Catholic Bishop of N. Alaska*, USDC Case No. 3:06-cv-00019-TMB ("the policies existence case"). The bankruptcy court held that the policies existence case was a non-core proceeding and lifted the stay for the limited purpose of allowing the District Court to hear and determine summary judgment motions that were pending in that case at the time CBNA's petition was filed [See Order Granting Limited Relief From Stay, entered June 27, 2008, in Main Case No. F08-00110-DMD, *In re Catholic Bishop of N. Alaska* (Docket No. 222)]. The District Court subsequently granted CBNA's motion to refer the policies existence case to the bankruptcy court, where this matter is now pending (Adv. No. F08-90033-DMD).

necessary to fully adjudicate the rights and obligations of Plaintiff and Defendants under the subject primary and excess/umbrella liability insurance policies.<sup>2</sup>

All of the defendants have answered and demanded a jury trial on the issues which may be so tried. None of the defendants consent to trial before the bankruptcy court.

Defendant Travelers Casualty and Surety Company (“Travelers”) filed a motion to withdraw the reference of this proceeding to the United States District Court for the District of Alaska. Travelers argues that this is a non-core proceeding under 28 U.S.C. § 157(c)(1) because the scope of insurance coverage issues which CBNA has raised in its complaint are governed exclusively by Alaska law. Travelers further contends that withdrawal of the reference would promote judicial economy and facilitate an expeditious resolution of this case. Travelers also argues that withdrawal of this matter would give the bankruptcy court more time to focus on other matters which must be addressed in CBNA’s chapter 11 case. Finally, Travelers notes that all defendants have made jury demands, but none of them consent to having a jury trial before the bankruptcy court. All other named defendants have filed joinders to Travelers’ motion.

CBNA opposes the motion. It contends the defendants’ right to a jury will not be affected if this proceeding remains in the bankruptcy court because the scope of coverage issues it has raised are purely legal issues, without contested facts, which must be tried by the court. CBNA also contends this is a core proceeding which can be determined by the

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<sup>2</sup> *Pl. ’s Compl. for Declaratory Judgment*, Docket No. 1, filed Apr. 24, 2008, at p. 13.

bankruptcy court. Alternatively, CBNA urges the bankruptcy court to retain this proceeding, if it is found to be non-core, until it is ready for trial.

## Analysis

### I. This is a Non-Core Proceeding

A bankruptcy judge is to determine, *sua sponte* or on motion of a party, whether a matter is a core proceeding.<sup>3</sup> Bankruptcy judges may hear and determine core proceedings.<sup>4</sup> A bankruptcy judge may also hear a non-core, related proceeding, but in such a proceeding,

[T]he bankruptcy judge shall submit proposed findings of fact and conclusions of law to the district court, and any final order or judgment shall be entered by the district court after considering the bankruptcy judge's proposed findings and conclusions and after reviewing de novo those matters to which any party has timely and specifically objected.<sup>5</sup>

A district court may refer a non-core, related proceeding to the bankruptcy judge for determination only with the consent of all parties to the proceeding.<sup>6</sup> Further, regardless of whether a matter is core or non-core, a bankruptcy court may not conduct a jury trial in a proceeding unless "it has been specifically designated to exercise such jurisdiction" and all

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<sup>3</sup> 28 U.S.C. § 157(b)(3).

<sup>4</sup> 28 U.S.C. § 157(b)(1).

<sup>5</sup> 28 U.S.C. § 157(c)(1).

<sup>6</sup> 28 U.S.C. § 157(c)(2).

parties to the proceeding have expressly consented to the bankruptcy court's jurisdiction.<sup>7</sup>

CBNA's complaint alleges that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). "Core proceeding" is not defined in the Bankruptcy Code.<sup>8</sup> "Rather, section 157(b)(2) contains a laundry list of core proceedings along with the admonition that core proceedings include, 'but are not limited to,' the items listed."<sup>9</sup> CBNA's declaratory judgment action, which seeks a determination regarding the scope of coverage offered it under various pre-petition insurance policies, doesn't fit within any of the listed matters except possibly § 157(b)(2)(A) ["matters concerning the administration of the estate"] and § 157(b)(2)(O) ["other proceedings affecting the liquidation of the assets of the estate or the adjustment of the debtor-creditor or the equity security holder relationship, except personal injury tort or wrongful death claims"].<sup>10</sup> The Ninth Circuit has cautioned that bankruptcy courts should avoid characterizing matters falling within these two "catch-all" subsections as core proceedings "if to do so would raise constitutional problems."<sup>11</sup>

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<sup>7</sup> 28 U.S.C. § 157(e); *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 36 (1989)(person who has not filed claim in bankruptcy case retains right to jury trial in fraudulent conveyance suit brought by trustee even though § 157(b)(2)(H) designates such a proceeding as core); *Taxel v. Electronic Sports Research (In re Cinematronics, Inc.)*, 916 F.2d 1444, 1451(9th Cir. 1990)(bankruptcy courts cannot conduct jury trials in non-core matters if all parties haven't consented).

<sup>8</sup> *Cinematronics*, 916 F.2d at 1449.

<sup>9</sup> *Id.* at 1449-50 (citation omitted).

<sup>10</sup> 28 U.S.C. § 175(b)(2)(A), (O).

<sup>11</sup> *Cinematronics*, 916 F.2d at 1450, citing *Piombo Corp. v. Castlerock Properties (In re Castlerock Properties)*, 781 F.2d. 159, 162 (9th Cir. 1986).

The claims CBNA has asserted in this declaratory judgment action do not arise under the Bankruptcy Code and could exist independently of its bankruptcy filing. CBNA has an independent basis for federal jurisdiction, 28 U.S.C. § 2201, and could have brought this proceeding in the district court absent its bankruptcy filing. Alternatively, CBNA could have sought a declaration regarding its insurance coverage in state court. Because CBNA's scope of coverage claims don't depend on the Bankruptcy Code for their existence and could proceed in another court, they are non-core proceedings.<sup>12</sup>

Nor are CBNA's claims transformed into core proceedings because the insurance coverage is an asset of the bankruptcy estate, or because favorable resolution of CBNA's claims will substantially increase the size of the bankruptcy estate.<sup>13</sup> Neither of these factors were considered by the Supreme Court when it determined, in *Northern Pipeline Const. Co. v. Marathon Pipe Line Co.*, that a bankruptcy court's exercise of jurisdiction over a prepetition, state law contract claim, over the objection of one of the parties, violated Article III of the United States Constitution.<sup>14</sup> The Ninth Circuit "has interpreted *Marathon* as depriving the bankruptcy court of jurisdiction 'to make final

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<sup>12</sup> *Sec. Farms v. Int'l Bhd. of Teamsters*, 124 F.3d 999, 1008 (9th Cir. 1997), citing *Castlerock*, 781 F.2d at 162.

<sup>13</sup> *Matter of United States Brass Corp.*, 110 F.3d 1261, 1268 (7th Cir. 1997) (declaratory judgment action to determine scope of insurance coverage is not core proceeding, even though the insurance coverage is an important right to the debtor); *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1102 (2nd Cir. 1993); *Lawrence Group, Inc. v. Hartford Cas. Ins. Co. (In re Lawrence Group, Inc.)*, 285 B.R. 784, 788 (N.D.N.Y. 2002).

<sup>14</sup> 458 U.S. 50 (1982).

determinations in matters that could have been brought in a district court or a state court.”<sup>15</sup>  
CBNA’s scope of insurance coverage claims fall within this category and are non-core claims.

## II. Trial of this Matter Should Proceed in the District Court

Because this is a non-core proceeding, trial of this matter should proceed in the district court. In non-core proceedings, absent consent of the parties, the bankruptcy court is limited to submitting proposed findings of fact and conclusions of law to the district court, which would review those findings and conclusions de novo and enter a final judgment.<sup>16</sup> All defendants in this proceeding object to the bankruptcy court’s jurisdiction. Further, a bankruptcy judge may conduct a jury trial, under 28 U.S.C. § 157(e), only with the express consent of all parties. This requirement isn’t satisfied here. None of the defendants consent to a trial in the bankruptcy court.

CBNA doesn’t dispute the defendants’ right to a jury trial. Instead, CBNA contends there are no disputed factual issues to be determined here and that this matter can be tried to the court. If this is indeed the case, then this matter can be resolved by way of summary judgment.<sup>17</sup> Should a trial of this non-core proceeding become necessary, it must be held in the district court.

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<sup>15</sup> *Castlerock*, 781 F.2d at 162 (citation omitted).

<sup>16</sup> 28 U.S.C. § 157(e).

<sup>17</sup> The construction of an insurance contract is a matter for the court, unless there are “relevant unresolved or controversial facts.” *Fejes v. Alaska Ins. Co., Inc.*, 984 P.2d 519, 522 (Alaska 1999).



III. The Bankruptcy Court may Retain this Matter Until Time of Trial

The fact that this matter may ultimately end up in district court for trial doesn't require that the reference be withdrawn immediately.<sup>18</sup> "Instead, the bankruptcy court is permitted to retain jurisdiction over the action for pre-trial matters."<sup>19</sup> The Ninth Circuit has noted that there are two rationales for this:

First, allowing the bankruptcy court to retain jurisdiction over *pre-trial* matters, does not abridge a party's Seventh Amendment *right to a jury trial*. A bankruptcy court's pre-trial management will likely include matters of "discovery," "pre-trial conferences," and routine "motions," which obviously do not diminish a party's *right* to a jury trial. Moreover, even if a bankruptcy court were to rule on a dispositive motion, it would not affect a party's Seventh Amendment *right* to a jury trial, as these motions merely address whether trial is necessary at all.

Second, requiring that an action be immediately transferred to district court simply because of a *jury trial right* would run counter to our bankruptcy system. Under our current system Congress has empowered the bankruptcy courts to "hear" Title 11 actions, and in most cases enter relevant "orders." As has been explained before, this system promotes judicial economy and efficiency by making use of the bankruptcy court's unique knowledge of Title 11 and familiarity with the actions before them. Accordingly, if we were to require an action's *immediate* transfer to a district court simply

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<sup>18</sup> *Sigma Micro Corp. v. Healthcentral.com (In re Healthcentral.com)*, 504 F.3d 775, 788 (9th Cir. 2007).

<sup>19</sup> *Id.* at 787.

because there is a *jury trial right* we would effectively subvert this system. Only by allowing the bankruptcy court to retain jurisdiction over the action until *trial is actually ready* do we ensure that our bankruptcy system is carried out.<sup>20</sup>

AK LBR 9015-2 provides that both core and non-core matters which must be tried by the district court are retained by the bankruptcy court until the time of trial, unless the reference is withdrawn sooner. If a motion to withdraw the reference is not filed sooner, then LBR 9015-2(d) provides for the automatic transfer of the case to the district court when the bankruptcy court files a certificate of readiness for trial with that court. The Ninth Circuit has found a similar “automatic withdrawal” provision from another district invalid because it is inconsistent with the procedure for withdrawal of the reference found in 28 U.S.C. § 157(d) and Fed. R. Bankr. P. 5011(a).<sup>21</sup> Because recent case law has drawn the validity of AK LBR 9015-2(d) into question, and in the interests of judicial economy, Traveler’s motion to withdraw the reference should be determined at this time.<sup>22</sup> An order granting the motion can be entered, with the provision that this proceeding remain in the bankruptcy court until it is ready for trial. The bankruptcy court may conduct all pre-trial matters and may hear

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<sup>20</sup> *Healthcentral.com*, 504 F.3d at 787-88 (citations omitted, emphasis in original).

<sup>21</sup> *Id.* at 784 (discussing Rule 9015-(2)(b) from the Local Bankruptcy Rules for the Northern District of California).

<sup>22</sup> It would be inefficient for this court to recommend that Traveler’s motion to withdraw the reference be denied at this time, without prejudice, because this proceeding is not yet ready for trial, and then sua sponte move to withdraw the reference when the case is ready for trial. The issue of whether reference of this non-core proceeding should be withdrawn to the district court for trial can be determined now.

dispositive matters such as summary judgment motions.<sup>23</sup> On dispositive motions, however, the bankruptcy court would issue proposed findings of fact and conclusions of law to the district court.<sup>24</sup>

#### Conclusion and Recommendation

This is a non-core proceeding. The defendants have demanded a jury trial and do not consent to the bankruptcy court's jurisdiction. Under such circumstances, the trial of this matter must be held in the district court, pursuant to 28 U.S.C. § 157(e). Further, the bankruptcy court cannot enter judgments in this proceeding, but must instead submit proposed findings of fact and conclusions of law to the district court for its de novo review, pursuant to 28 U.S.C. § 157(c)(1). The reference of this matter must be withdrawn for trial. However, the bankruptcy court may retain jurisdiction over this action for all pre-trial matters, including motions for summary judgment.

The bankruptcy court respectfully recommends that the motion to withdraw the reference, filed by Travelers Casualty and Surety Company, be granted, with the following provisions:

- 1) Withdrawal of the reference to the district court is granted for the purpose of conducting trial of this matter.

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<sup>23</sup> *Id.* at 788.

<sup>24</sup> 28 U.S.C. § 157(c)(1); *see also Battley v. Schweitzer*, 8 ABR 251, 254 (Bankr. D. Alaska 2006).

2) This proceeding will be retained in the bankruptcy court for the handling of all pre-trial matters, including motions for summary judgment. If summary judgment motions are filed, the bankruptcy court will issue proposed findings of fact and conclusions of law thereon to the district court, pursuant to 28 U.S.C. § 157(c)(1).

3) Upon the conclusion of all pre-trial matters, the bankruptcy court will certify to the district court that this matter is ready for trial.

DATED: September 16, 2008

BY THE COURT

/s/ Donald MacDonald IV  
DONALD MacDONALD IV  
United States Bankruptcy Judge

Serve: S. Boswell, Esq.  
K. Nye, Esq.  
C. Young, Esq.  
M. Pompeo, Esq.  
R. Dykstra, Esq.  
J. Wendlandt, Esq.  
B. Ambarian, Esq.  
C. Ekberg, Esq.  
P. Gingras, Adv. Case Mgr. - ✓ svd 9/16/08 aam

09/16/08

## **EXHIBIT "9"**

## SETTLEMENT TRUST AGREEMENT

THIS SETTLEMENT TRUST AGREEMENT ("**THIS AGREEMENT**") is between the Catholic Bishop of Northern Alaska, an Alaska religious corporation sole, (the "**Debtor**" or the "**Reorganized Debtor**"), as trustor, and the Trustee named on the signature pages hereof (the "**Trustee**"), pursuant to the Third Amended and Restated Joint Plan of Reorganization dated December 16, 2009, as amended, modified, restated, or supplemented from time to time (the "**Plan**").

### RECITALS

- A. The Debtor is a debtor-in-possession in a chapter 11 reorganization case, Case No. 08-00110-DMD (the "**Reorganization Case**"), currently pending before the United States Bankruptcy Court for the District of Alaska (the "**Court**").
- B. The Plan provides, among other things, for the full release and discharge of the all the Tort Claims and Future Tort Claims as those terms are defined in the Plan. The Plan has been confirmed by the Court.
- C. The Plan contemplates the creation of a trust, the principal purpose of which is to implement the Plan's treatment of the Tort Claims of Settling Tort Claims and asserted against the Debtor.
- D. The parties to this Agreement intend that the trust created under this Agreement will be a "Qualified Settlement Fund" within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

NOW, THEREFORE, this Agreement witnesseth and it is hereby declared, in accordance with the Confirmation Order, as follows:

### ARTICLE 1

#### DEFINITIONS

1.1 **Incorporation of Definitions.** All capitalized terms used in this Agreement, and not otherwise defined herein, shall have the meanings assigned to them in the Plan or the Bankruptcy Code, which meanings are incorporated herein by this express reference.

### ARTICLE 2

#### DECLARATION OF TRUST

2.1 **Creation and Name.** There is hereby created a trust, which shall be known as the "**Settlement Trust**."

2.2 **Purposes.** The purposes of the Settlement Trust are:

2.2.1 to serve as the mechanism to implement the Plan's treatment of the Settling Tort Claims (including Future Tort Claims) in accordance with the binding arbitration process in the Plan and in this Agreement;

2.2.2 to assume all liabilities of the Debtor, its successors in interest, for Settling Tort Claims and Future Tort Claims;

2.2.3 to liquidate and resolve the Settling Tort Claims and Future Tort Claims by utilizing the binding arbitration process as contained in this Agreement and as set forth in the Plan;

2.2.4 to issue payments and disburse funds, only upon receipt of a written Arbitration Award from the Special Arbitrator, to Tort Claimants and Future Tort Claimants;

2.2.5 to pay administrative expenses and costs of such liquidation and resolution in accordance with the terms of the Plan and this Agreement, subject to and without exceeding the available assets of the Settlement Trust;

2.2.6 to receive, hold in escrow, safe-keep and invest, in accordance with the provisions hereof, the assets transferred to the Settlement Trust pursuant to the Plan so as to enable the Trustee to pay the Allowed Settling Tort Claims of Settling Tort Claimants, and Allowed Future Tort Claims of Future Tort Claimants who participate in the Future Tort Claim Settlement Process, in accordance with the terms of the Plan and this Agreement;

2.2.7 to receive and hold all of the Debtor's and Settling Tort Claimants claims against Great Divide Candidate Insurers;

2.2.8 to receive and hold all of the Allowed Settling Tort Claims;

2.2.9 to establish, in conjunction with the Debtor and the Committee, the amount of the Trust Administrative Expense Reserve; and

2.2.10 to qualify at all times as a non-reversionary Qualified Settlement Fund pursuant to Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

To accomplish the foregoing, the Settlement Trust hereby:

2.2.10.1 assumes and shall be directly and exclusively liable for any and all liabilities, present or future, whether prior to the creation of the Settlement Trust such liabilities were liquidated or non-liquidated, contingent or non-contingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, of the Debtor, its successors in interest, and any of Co-Defendants who are Participating Third Parties present or future, for all Settling Tort Claims held by Tort Claimants, and Future Tort Claimants (without taking into account the discharge provided for in Article 21 of the Plan);



2.2.10.2 agrees to conserve and protect the Settlement Trust estate so as to enable the Trustee to satisfy as fully as possible all Settling Tort Claims and Allowed Future Tort Claims that are participating in the Future Tort Claim Settlement Process which are assumed by the Settlement Trust in accordance with the terms of the Plan and this Agreement;

2.2.10.3 agrees to collect, invest and reinvest amounts due to be transferred to the Settlement Trust;

2.2.10.4 agrees to pay all costs and fees (including attorneys' fees and the fees of the Special Arbitrator) of the Settlement Trust incurred in the resolution and liquidation of any and all such Allowed Settling Tort Claims in accordance with this Agreement and the Plan;

2.2.10.5 agrees to assert and defend (and appeal to the highest appellate court willing to hear such appeal any adverse decision regarding) the enforceability of the releases and injunctions referred to in Article 21 of the Plan with respect to the Settling Tort Claims and Future Tort Claims only, (this Section 2.2.10.5 does not apply to Litigation Tort Claims assumed by the Litigation Trust (or which are to be paid out of the Litigation Reserve) or any other Claims against the Debtor), and, to the extent applicable, the discharge referred to and described in Article 21 of the Plan; this duty shall terminate in a given jurisdiction when a Final Order of the highest appellate court of competent jurisdiction in that jurisdiction determines that the releases and injunctions or the discharge do not require dismissal of such action or proceeding or are unenforceable; provided, however, that this obligation shall be subject to Rule 11 of the Federal Rules of Civil Procedure or similar state rules or laws, as the case may be, and shall only accrue if and to the extent that the Reorganized Debtor determines that the Settlement Trust is an indispensable party to any such action or such appeal;

2.2.10.6 agrees to manage the Settlement Trust and report on its status and activities in accordance with the provisions set forth herein and the Plan; and

2.2.10.7 agrees to take such actions and deliver such documentation as may reasonably be required to effectuate, perfect, confirm, and evidence the transfers and assignments to the Settlement Trust of the Fund and the validity of such transfers and assignments.

Notwithstanding the foregoing, or anything else contained herein to the contrary, the Settlement Trust shall have no obligation with respect to, and there shall be no indemnification, contribution, subrogation, reimbursement or similar claim assumed or paid by the Settlement Trust, with respect to any criminal action or criminal proceeding brought by a governmental unit (as defined in the Code) (including grand jury proceedings or other investigations brought by a governmental unit to determine whether a crime has been committed), or with respect to any criminal fine, penalty or forfeiture.

2.2.10.8 **Transfer of Assets; Beneficiaries.** On or before the Effective Date (but after entry of the Confirmation Order), the Debtor hereby transfers and assigns to the Settlement Trust, to be held in trust for the holders of Settling Tort Claims (each a "**Beneficiary**" and collectively, the "**Beneficiaries**"), all of the Debtor's, the Reorganized

Debtor's, and the estate's rights, title, and interest in and to all of the Fund and in and to the Debtor's claims against the Great Divide Candidate Insurers (collectively, the "**Trust Assets**"). All Trust Assets received by the Settlement Trust shall be held, administered and distributed under the terms of this Agreement and the Plan.

**2.3 Further Assurances; Cooperation.** The Debtor, the Reorganized Debtor, and the Trustee shall take all actions as are reasonably required with respect to any of the Trust Assets or otherwise in order to effectuate the purposes of this Trust so long as such actions are consistent with the Plan and do not impose any greater duty on the Debtor or the Reorganized Debtor than is provided for under the Plan.

### **ARTICLE 3**

#### **TRUSTEE**

**3.1.1 Number.** There shall be one (1) Trustee of the Settlement Trust. The Initial Trustee is the person who is named on and who has executed the signature page hereof.

**3.2 Qualifications.** Each Trustee must be a natural person of good moral character and independent of the Debtor and the Reorganized Debtor, its successors in interest whose experience and background is appropriate to the responsibilities of a Trustee hereunder.

#### **3.3 Terms of Service.**

**3.3.1** Each Trustee shall serve for the duration of the Settlement Trust, subject to his or her earlier death, resignation, or, with approval of the Court, removal.

**3.3.2** A Trustee may resign at any time by at least sixty (60) days' prior written notice to each of the remaining Trustees, if any, and the Court, specifying the date when such resignation shall take effect. Any resigning Trustee shall attempt, where possible, to give notice of resignation not less than ninety (90) days before such resignation is to take effect.

**3.3.3** A Trustee may be removed from office by the Court upon its own motion, the motion of any Trustee, the motion of the Debtor or Reorganized Debtor, or the motion of the Beneficiaries and a determination by the Court that such removal is appropriate upon good cause shown.

#### **3.4 Appointment of Successor Trustees.**

**3.4.1** In the event of the death, resignation, incapacity to serve as determined by the Court, or removal of a Trustee prior to the expiration of his or her term in accordance herewith, a successor Trustee shall be nominated by the remaining Trustees, subject to Court approval, within twenty (20) days after such death, resignation or removal. If the remaining Trustees fail to nominate a successor Trustee that is approved by the Court within such twenty (20) day period, a successor Trustee shall be appointed by the Court.

**3.4.2** Upon the acceptance of office by any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee under this Agreement shall be vested in

and undertaken by the successor Trustee without any further act being required. No successor Trustee shall be liable personally for any act or omission of his or her predecessor.

**3.5 Liability of Trustee.** No Trustee shall be liable to the Settlement Trust or to any Beneficiary except for such Trustee's own gross negligence or willful misconduct. No Trustee shall be liable for any act or omission of any Co-Trustee, or any agent or employee of the Settlement Trust unless that Trustee acted with gross negligence or willful misconduct in the selection or retention of such agent or employee. No action, suit or proceeding of any kind may be brought by any party against any Trustee, other than as a result of a material loss to the Debtor, or to the Trust, due to such Trustee's having committed one or more of the acts which constituted a basis for removal in Section 3.3.3 hereof. All actions taken and determinations made by the Trustee, unless otherwise provided in (or unless contrary to the provisions of) this Agreement, the Plan, or a Final Order, shall be final and binding upon all Persons having any interest in the Trust. The Trustee shall be entitled to rely upon the advice of counsel or other advisors to the Settlement Trust or the Trustee, reports prepared by the Special Arbitrator, directions from the Special Arbitrator regarding payment of Allowed Tort Claims, and Allowed Future Tort Claims and directions and information provided by any other Person employed by the Trust.

**3.6 Trustee's Compensation; Reimbursement of Expenses.** Each Trustee shall receive as compensation for his or her services at the rate of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per \_\_\_\_\_. This compensation may be adjusted from time to time by the Trustee, subject to approval of the Bankruptcy Court after notice to the Reorganized Debtor and a hearing. In addition, each Trustee shall be reimbursed for his or her other reasonable out-of-pocket expenses incurred by such Trustee in the performance of such Trustee's duties as Trustee hereunder. The compensation to be paid to the Trustee and the source of reimbursement of expenses shall be paid in accordance with Section 5.1.3.5 of this Agreement.

**3.7 Indemnification.**

**3.7.1** Each Trustee, former Trustee, Special Arbitrator, or former Special Arbitrator who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit or proceeding of any kind, whether civil, administrative or arbitrative, and whether brought by or against the Settlement Trust, with respect to a Trustee or Special Arbitrator, by reason of such Trustee or Special Arbitrator being or having been a Trustee or Special Arbitrator of the Settlement Trust, or by reason of such Trustee or Special Arbitrator serving or having served in any capacity at the request of and on behalf of the Settlement Trust, shall be indemnified by the Settlement Trust against expenses, costs and fees (including attorneys' fees), judgments, awards, costs, amounts paid in settlement, and liabilities of all kinds incurred by such Trustee in connection with or resulting from such action, suit, or proceeding, if he or she acted in good faith, and in a manner such Trustee reasonably believed to be in, or not opposed to, the best interests of the Settlement Trust.

**3.7.2** Any indemnification under Section 3.7 of this Agreement shall be made by the Settlement Trust upon a determination that indemnification of such Trustee or Special Arbitrator is proper in the circumstances. Such determination shall be made by application to the

Court, upon notice to the Reorganized Debtor or by independent legal counsel ordered by the Court to make such determination, or at the election of the Court, by the Court.

3.7.3 Reasonable expenses, costs and fees (including attorneys' fees) incurred by or on behalf of a Trustee or Special Arbitrator in connection with any such action, suit, or proceeding, whether civil, administrative or arbitative, commenced against such Trustee regarding such Trustee's or Special Arbitrator's performance hereunder, may be paid by the Settlement Trust in advance of the final disposition thereof upon receipt of an undertaking by or on behalf of such Trustee or Special Arbitrator, to repay such amount unless it shall be determined ultimately that such Trustee is not entitled to be indemnified by the Settlement Trust.

3.7.4 The Trustee shall have the power, generally or in specific cases, to cause the Settlement Trust to indemnify the employees and agents of the Settlement Trust to the same extent as provided in this Section 3.7 with respect to the Trustee.

3.8 The Trustee may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee, employee, or agent of the Settlement Trust against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, employee, or agent with the consent of the Reorganized Debtor.

3.9 **Reliance.** Any Person dealing with the Settlement Trust may rely in good faith upon any certificate or other instrument signed by the Trustee, or upon any certificate or other instrument signed by an officer or agent of the Settlement Trust whose authority is evidenced by a certificate or other instrument signed by at least one Trustee, without the necessity of further inquiry by such Person into the authority of such Trustee, officer or agent to act on behalf of the Settlement Trust; *provided, however*, that disbursements or expenditures from the Settlement Trust made in respect of investments in accordance with Section 4.2 hereof, and the investment policies duly adopted by the Trustee, shall not require the signature of any Trustee; and *provided, further*, that the Trustee may adopt by-laws concerning these matters that are more restrictive than the foregoing.

3.10 **Actions by Trustee.** Except as otherwise provided in this Agreement or as required by applicable law, all determinations by the Trustees (if there is more than one) shall be made by the vote or consent of a majority of the Trustees then in office (if more than one is serving), following prior notice to all Trustees.

3.11 **Bond.** The Trustee shall not be required to post any bond or other form of surety unless otherwise ordered by the Court.

## ARTICLE 4

### ACCOUNTS AND INVESTMENTS

4.1 **Accounts.** The Trustee shall establish such funds and accounts with such Persons as they shall, in their discretion, deem necessary or advisable for carrying out the purposes of the Trust.

4.2 **Investments.** Investments of monies held in the Settlement Trust estate shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to the following limitations and provisions. The Trustee shall cause the monies held in the Settlement Trust to be invested and reinvested in:

4.2.1 United States Treasury Bills;

4.2.2 other similar United States government obligations secured by the full faith and credit of the United States, fully guaranteed as to principal and interest by the United States or any agency or instrumentality thereof, including United States Treasury Notes and United States Treasury Bonds;

4.2.3 federally insured bank certificates of deposit (i) if issued by a bank whose senior long-term debt is rated "Aa" or higher by Moody's or "AA" or higher by S&P's, and (ii) if the term to maturity from the date of acquisition does not exceed six (6) months.

4.2.4 In determining investments to be held by the Settlement Trust, due regard shall be given by the Trustee to safety of principal and to production of reasonable amounts of current income. The Trustee shall not be under any obligation to invest the Trust Assets for capital appreciation, in view of the purposes for which the Settlement Trust was created.

## ARTICLE 5

### POWERS, TRUST ADMINISTRATION

#### 5.1 Trust Powers.

5.1.1 Pursuant to the Confirmation Order, subject to the limitations set forth in this Agreement, and subject to the provisions and limitations of the Plan, all of which are incorporated herein, the Trustee shall have the power to take any and all actions as, in the sole judgment and discretion of the Trustee, are necessary or advisable to effectuate the purposes of the Settlement Trust, including without limitation, each power expressly granted in Section 5.1.3 of this Agreement and any power reasonably incidental thereto, and any trust power now or hereafter permitted under the law of the State of Alaska that is not inconsistent with the provisions of this Agreement or the Plan.

5.1.2 Except as expressly provided in the Plan or in this Agreement, the Trustee may, but need not, obtain the order or approval of the Court, or any other court in the exercise of any power or discretion conferred hereunder, or account to the Court or to any other court in the absence of a breach of trust.

5.1.3 Without limiting the generality of Section 5.1.1 of this Agreement, and subject to the other provisions of this Agreement, the Trustee shall have the power:

5.1.3.1 to receive and hold the Trust Assets and other additions to the Settlement Trust from any source, provided such additions are made pursuant to the Plan, the



Confirmation Order or another order of the Court, and to administer and distribute the same as a part of the Settlement Trust estate;

5.1.3.2 to invest and reinvest the funds of the Settlement Trust as provided in this Agreement;

5.1.3.3 upon certification by the Special Arbitrator that an Arbitration Award has been issued with respect to a Settling Tort Claim, or a Future Tort Claim to expeditiously pay the amount of Cash awarded to such Settling Tort Claimant or Future Tort Claimant in accordance with written instructions from the Special Arbitrator and to expeditiously execute any document required to assign the Debtor's claims against Breaching Insurers to such Settling Tort Claimant, in accordance with *Great Divide Insurance Co. v. Carpenter*, 79 P.3d 599 (Alaska 2003).

5.1.3.4 to employ and compensate, utilizing Trust Assets, legal, financial, accounting, investment, and other advisors, custodians of assets, agents, the Special Arbitrator, and other parties deemed by the Trustee to be qualified as experts on such matters as may arise before them, and to delegate to such Persons such powers, authority, and discretion as the Trustees, in their discretion deem advisable or necessary to carry out the terms of the Settlement Trust, and the opinion of such Persons on any matters submitted to them by the Trustee shall be full and complete protection to the Trustee with regard to any action taken by the Trustee hereunder in good faith and in accordance with such opinion;

5.1.3.5 to reimburse, utilizing Trust Assets, the Trustee, subject to Section 3.6 above, and the Special Arbitrator, such employees, legal, financial, accounting, investment, and other advisors and experts, and agents, described in Section 5.1.3.4 above, for all properly documented out-of-pocket costs and expenses incurred by such Persons in connection with the performance of their duties hereunder; provided, however, that the Trustee shall not incur fees and expenses in excess of a total of \$\_\_\_\_\_ without prior notice to the Reorganized Debtor and an order of the Court entered prior to the incurrence of such fees and expenses.

5.1.3.6 to make such decisions as he may deem appropriate in connection with the administration of the Settlement Trust of the performance of his duties;

5.1.3.7 to apply to the Court for instructions to the Trustee as he may deem proper or necessary in connection with the administration of the Settlement Trust of the performance of his duties; provided, however, that, any such applications shall be on notice to the Reorganized Debtor each of whom shall have standing to appear and be heard on any such applications;

5.1.3.8 to indemnify (and purchase insurance indemnifying) its directors, officers, employees, agents, the Special Arbitrator, and representatives in accordance with Section 3.7 above, to the fullest extent that a corporation organized under Alaska law is entitled to indemnify its directors, officers, employees, agents, and representatives;

5.1.3.9 to delegate any or all of the discretionary powers and authority herein conferred at any time with respect to the investment of the Trust Assets to any one or

more recognized individual or institutional advisors or investment managers acceptable to the Trustee, and to compensate and reimburse such advisors and managers for their services;

5.1.3.10 to establish such funds, reserves, and accounts within the Settlement Trust with Assets as may be deemed by the Trustee to be useful in carrying out the purposes of the Settlement Trust;

5.1.3.11 to draft and amend from time to time bylaws governing the operation of the administration of the Settlement Trust upon approval of the Court after notice to the Reorganized Debtor, provided that any such bylaws are not inconsistent with any of the provisions contained in this Agreement or the Plan;

5.1.3.12 to enter into such other arrangements with third parties as are deemed by the Trustee to be useful in carrying out the purposes of the Settlement Trust (including, without limitation, (i) engaging a financial institution to act as paying agent, depository, custodian, or trustee with respect to funds, reserves, or accounts created hereby or established pursuant hereto, and (ii) renting or leasing such real and personal properties, as the Trustee may deem necessary or desirable for the proper administration of the Settlement Trust), and to compensate such third parties for their services;

5.1.3.13 to institute any action or proceeding at law or in equity for the collection of any sums due to the Settlement Trust, or otherwise to advance the interests of the Settlement Trust in a manner not inconsistent with the terms of the Plan, prosecute any such action or proceeding to judgment or final decree, enforce any such judgment or final decree, and collect in any manner provided by law the monies adjudged or decreed to be payable; provided however, that so long as the Debtor has timely and fully transferred the Trust Assets into the Settlement Trust, and all assets required to be transferred to the Settlement Trust pursuant to the Plan have been timely and fully transferred into the Settlement Trust, regardless of any deficiency in the Settlement Trust or any other reason, the Settlement Trust may not institute any action or proceeding against the Debtor, the Reorganized Debtor, or against any other Person expressly released pursuant to the terms of the Plan, for collection of any sums in respect of the Tort Claims of Settling Tort Claims, the and the Future Tort Claims;

5.1.3.14 to rely upon any affidavit, certificate, letter, notice, telegram, e-mail, or other paper or electronic writing, or upon any telephone conversation or other oral communication, believed by the Trustee to be genuine and sufficient and upon any other evidence believed by the Trustee to be genuine and sufficient, and to be protected and saved harmless in respect of all payments or distributions made hereunder if made in good faith and without actual notice or knowledge of the changed condition or status of any Person receiving payments or other distributors upon a condition.

## 5.2 Administration.

5.2.1 The Trustee shall conduct the business of the Settlement Trust in accordance with the provisions of this Agreement and the Plan.

5.2.2 The Settlement Trust shall use a calendar year accounting year and shall utilized the accrual method of accounting.



5.2.3 In the event that the duration of the Settlement Trust exceeds one year, the Trustee shall cause to be prepared and filed with the Court as soon as available and in any event within one hundred twenty (120) days following the end of each fiscal year, an annual report containing financial statements of the Settlement Trust, including without limitation, a balance sheet of the Settlement Trust as of the end of such fiscal year and a statement of operations for such fiscal year audited by a recognized firm of independent certified public accountants acceptable to and selected by the Trustee and certified by such firm as to fairness of presentation and consistency.

5.2.4 Simultaneously with the earlier to occur of: (i) the Trustee' application to the Court for an order terminating the Settlement Trust, (ii) the delivery of the financial statements referred to in Section 5.2.3 above, and (iii) quarterly, beginning with the first quarter after the funding of the Settlement Trust, the Trustee shall cause to be prepared and filed with the Court, a report and accounting containing a summary in reasonable detail of the following information, with respect to the period covered by such application or such financial statements, as the case may be:

5.2.4.1 The number of Settling Tort Claims liquidated and paid;

5.2.4.2 The number of Future Tort Claims that have been filed since the last reporting period;

5.2.4.3 The number of Settling Tort Claims, and Future Tort Claims remaining to be liquidated;

5.2.4.4 The investment income earned by the Settlement Trust; and

5.2.4.5 The amount of expenses incurred by the Settlement Trust.

5.3 The Trustee shall cause to be filed timely such income tax and other returns and statements as are required to comply with applicable provisions of the Internal Revenue Code and of any state law, and the regulations promulgated thereunder. The Settlement Trust shall be responsible for paying taxes and any other obligations or liabilities of any and all kinds whatsoever which at any time are lawfully levied, assessed upon, or become payable, in respect of the Settlement Trust or the Trust Assets. The Trustee shall utilize Trust Assets to pay such taxes, levies, and assessments. The Trustee shall make any election and provide any information as may be necessary to comply with the requirement of a Qualified Settlement Fund under Section 468B of the Internal Revenue Code.

## ARTICLE 6

### GENERAL PROVISIONS

6.1 **Irrevocability.** Except as otherwise provided in Section 6.6, the Settlement Trust is irrevocable. Neither the Debtor, nor the Reorganized Debtor, nor its successors in interest, nor any Affiliates thereof, hold or may hold any beneficial interest in the income or corpus of the Settlement Trust.

**6.2 Termination.**

6.2.1 At such time as all Trust Assets have been fully and finally distributed in accordance with the terms of the Plan and this Agreement, the Trustee shall apply to the Court for an order of the Court terminating the Trust, upon such notice as the Court shall order.

6.2.2 Upon the Court's order terminating the Settlement Trust becoming final, except to the extent otherwise provided in such order, the Settlement Trust shall be terminated, and the Trustee shall be discharged of all responsibilities with respect to the Settlement Trust.

6.2.3 Upon termination of the Settlement Trust, the Trustee shall remain authorized to wind up the affairs of the Settlement Trust and shall be authorized to dispose of the balance, if any, of funds in the Settlement Trust after payment of or adequate provision for any remaining Settlement Trust expenses. Any such funds shall be distributed in accordance with the terms of the Plan.

**6.3 Confidentiality.** Copies of all documents, notices, statements, reports, motions, or similar documents provided to the Trustee pursuant to this Agreement shall be provided on a confidential basis and shall be kept confidential by the Trustee unless such information is otherwise publicly available.

**6.4 Severability.** Should any provision of this Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Agreement.

**6.5 Headings.** The headings used in this Agreement are inserted for convenience only and shall not affect the construction of any and all other provisions of this Agreement.

**6.6 Amendment.** When necessary to carry out the purposes of the Settlement Trust, this Agreement may be amended only by an instrument signed by each of the Trustees then in office; provided, however, that any such amendment must be consistent with the Plan; and provided further, that such amendment shall become effective only with the approval of the Court and after notice and a hearing as the Court may direct.

**6.7 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but which counterparts together shall constitute but one and the same instrument.

**6.8 Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Debtor, the Settlement Trust, and the Trustee, and their respective successors and assigns, except that neither the Debtor, nor the Reorganized Debtor, nor the Settlement Trust nor any Trustee may assign or otherwise transfer any of his, her, or its rights or obligations under this Agreement.

**6.9 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

6.10 **No Adverse Action.** No Trustee shall take any action that will adversely affect the qualification of the Settlement Trust as a "Qualified Settlement Fund" within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended.

6.11 **No Execution.** All Trust Assets and funds in the Settlement Trust are deemed to be *in custodia legis* until such times as funds have actually been paid to and received by a Settling Tort Claimant. No Settling Tort Claimant or any other Person may execute upon, garnish or attach the Settlement Trust estate in any manner whatsoever or compel payment from the Settlement Trust of any Settling Tort Claim or other Claim. Any and all payments of Settling Tort Claims shall be controlled solely by the Plan, this Agreement, and the claims resolution procedures set forth in Article 6 hereof.

6.12 **Controlling Document.** In the event of any conflict between the provisions of this Agreement and the Plan, the Plan shall be the controlling document.

IN WITNESS WHEREOF, the Trustor and the Initial Trustee have caused this Agreement to be duly executed by them or their respective authorized representatives.

Dated: \_\_\_\_\_

CATHOLIC BISHOP OF NORTHERN  
ALASKA, an Alaska religious  
corporation sole

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TRUSTEE:

Dated: \_\_\_\_\_

[\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

# **EXHIBIT "10"**

## LITIGATION TRUST AGREEMENT

THIS LITIGATION TRUST AGREEMENT ("**THIS AGREEMENT**") is between the Catholic Bishop of Northern Alaska, an Alaska religious corporation sole, (the "**Debtor**" or the "**Reorganized Debtor**"), as trustor, and the Trustee named on the signature pages hereof (the "**Trustee**"), pursuant to the Third Amended and Restated Joint Plan of Reorganization dated December 16, 2009, as amended, modified, restated, or supplemented from time to time (the "**Plan**").

### RECITALS

- A. The Debtor is a debtor-in-possession in a chapter 11 reorganization case, Case No. 08-00110-DMD (the "**Reorganization Case**"), currently pending before the United States Bankruptcy Court for the District of Alaska (the "**Court**").
- B. The Plan provides, among other things, for the full satisfaction, and discharge of all the Tort Claims as that term is defined in the Plan. *The Plan has been confirmed by the Court.*<sup>1</sup>
- C. The Plan contemplates the creation of a Litigation Trust, the principal purpose of which is to implement the Plan's treatment of Tort Claims asserted by Non-settling Tort Claimants against the Debtor.
- D. The parties to this agreement intend that the trust created under this Agreement will be a "Qualified Settlement Fund" within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

NOW, THEREFORE, this Agreement witnesseth and it is hereby declared, in accordance with the Confirmation Order, as follows:

### ARTICLE 1 DEFINITIONS

1.1 **Incorporation of Definitions.** All capitalized terms used in this Agreement, and not otherwise defined herein, shall have the meanings assigned to them in the Plan or the Bankruptcy Code, which meanings are incorporated herein by this express reference.

### ARTICLE 2 DECLARATION OF TRUST

2.1 **Creation and Name.** There is hereby created a trust, which shall be known as the "**Litigation Trust**."

2.2 **Purposes.** The purposes of the Litigation Trust are:

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<sup>1</sup> This recital will be true when the agreement is executed.

2.2.1 to serve as the mechanism to implement the Plan's treatment of the Tort Claims of Non-settling Tort Claimants, which become part of the Litigation Trust pursuant to an objection filed by the Debtor or by an election made by a Tort Claimant;

2.2.2 to assume all liabilities of the Debtor, its successors in interest, any Co-Defendants, who become Participating Third Parties and any other Settling Parties for the Tort Claims of Non-settling Tort Claimants;

2.2.3 to defend against, liquidate and resolve the Tort Claims of Non-settling Tort Claimants;

2.2.4 to issue payments and disburse funds, upon entry of a Final Order determining that a Non-settling Tort Claimant is entitled to payment from the Litigation Trust and in accordance with Article 6 below;

2.2.5 to pay administrative expenses and costs of such liquidation and resolution in accordance with the terms of the Plan and this Agreement, subject to and without exceeding the available assets of the Litigation Trust;

2.2.6 to receive and invest, in accordance with the provisions hereof, the assets transferred to the Litigation Trust pursuant to the Plan so as to enable the Trustee to satisfy the Allowed Tort Claims of Non-settling Tort Claimants in accordance with and subject to the limitations contained in the Plan; and

2.2.7 to qualify at all times as a non-reversionary Qualified Settlement Fund pursuant to Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

To accomplish the foregoing, the Litigation Trust hereby:

2.2.7.1 assumes and shall be directly and exclusively liable for any and all liabilities which are made part of the Litigation Trust pursuant to the Plan;

2.2.7.2 agrees to conserve and protect the Litigation Trust estate so as to enable the Trustee to satisfy, as fully as possible, all Tort Claims assumed by the Litigation Trust, in accordance with, and as limited by, the terms of the Plan and this Agreement;

2.2.7.3 agrees to collect, invest and reinvest amounts due to be transferred to the Litigation Trust;

2.2.7.4 agrees to pay all costs, expenses and fees (including attorneys' fees) of the Litigation Trust incurred in defending the Tort Claims of Non-settling Tort Claimants, in accordance with this Agreement and the Plan;

2.2.7.5 agrees to assert and defend (and appeal to the highest appellate court willing to hear such appeal) any adverse decision regarding the enforceability of the releases and injunctions referred to in Article 21 of the Plan with respect to the Tort Claims of Non-settling Tort Claimants only, and, to the extent applicable, the discharge referred to and

described in Article 21 of the Plan; this duty shall terminate in a given jurisdiction when a Final Order of the highest appellate court of competent jurisdiction in that jurisdiction determines that the releases and injunctions or the discharge do not require dismissal of such action or proceeding or are unenforceable; *provided, however*, that this obligation shall be subject to Rule 11 of the Federal Rules of Civil Procedure or similar state rules or laws, as the case may be, and shall only accrue if and to the extent that the Reorganized Debtor determines that the Litigation Trust is an indispensable party to such appeal;

2.2.7.6 agrees to manage the Litigation Trust and report on its status and activities in accordance with the provisions set forth herein; and

2.2.7.7 agrees to take such actions and deliver such documentation as may reasonably be required to effectuate, perfect, confirm, and evidence the transfers and assignments to the Litigation Trust of the Trust Assets (defined below) and the validity of such transfers and assignments.

2.2.7.8 Notwithstanding the foregoing, or anything else contained herein to the contrary, the Litigation Trust shall have no obligation with respect to, and there shall be no indemnification, contribution, subrogation, reimbursement or similar claim assumed or paid by the Litigation Trust with respect to, any criminal action or criminal proceeding brought by a governmental unit (as defined in the Code) (including grand jury proceedings or other investigations brought by a governmental unit to determine whether a crime has been committed), or with respect to any criminal fine, penalty or forfeiture.

**2.3 Transfer of Assets; Beneficiaries.** On the Effective Date, the Reorganized Debtor will transfer and assign to the Litigation Trust, funds in an amount equal to the allocation to the Litigation Trust made by the Court in the Confirmation Order, (together with the income earned thereon, the "**Trust Assets**") to be held in trust, for the Non-settling Tort Claimants with Allowed Tort Claims (each a "**Beneficiary**" and collectively, the "**Beneficiaries**").

**2.4 Trust Assets.** All Trust Assets received by the Litigation Trust shall be held, administered and distributed under the terms of this Agreement and the Plan.

**2.5 Further Assurances; Cooperation.** The Debtor, the Reorganized Debtor, and the Trustee shall take all actions as are reasonably required with respect to any of the Trust Assets or otherwise, in order to effectuate the purposes of this Litigation Trust.

### **ARTICLE 3 TRUSTEE**

**3.1.1 Number.** There shall be one (1) Trustee of the Litigation Trust. The Initial Trustee is the person who is named on and who has executed the signature page hereof.



**3.2 Qualifications.** The Trustee must be a natural person of good moral character and independent of the Debtor and the Reorganized Debtor or its successors in interest, whose experience and background are appropriate to the responsibilities of a Trustee hereunder.

**3.3 Terms of Service.**

3.3.1 The Trustee shall serve for the duration of the Litigation Trust, subject to his or her earlier death, resignation, or, with approval of the Court, removal.

3.3.2 Any Trustee may resign at any time by at least sixty (60) days' prior written notice to the Reorganized Debtor and the Court, specifying the date when such resignation shall take effect. Any resigning Trustee shall attempt, where possible, to give notice of resignation not less than ninety (90) days before such resignation is to take effect.

3.3.3 A Trustee may be removed from office by the Court upon its own motion, the motion of any Trustee, the motion of the Debtor or Reorganized Debtor and a determination by the Court that such removal is appropriate upon good cause shown.

**3.4 Appointment of Successor Trustee.**

3.4.1 In the event of the death, resignation, incapacity to serve as determined by the Court, or removal of a Trustee prior to the expiration of his or her term in accordance herewith, a successor Trustee shall be nominated by the current Trustee, with notice to the Reorganized Debtor, subject to Court approval, within twenty (20) days after such death, resignation or removal. If the current Trustee fails to nominate a successor Trustee that is approved by the Court within such twenty (20) day period, a successor Trustee shall be appointed by the Court.

3.4.2 Upon the acceptance of office by any successor Trustee, all rights, titles, duties, powers and authority of the predecessor Trustee under this Agreement, shall be vested in and undertaken by the successor Trustee without any further act being required. No successor Trustee shall be liable personally for any act or omission of his or her predecessor.

**3.5 Liability of Trustee.** No Trustee shall be liable to the Litigation Trust or to any Beneficiary except for such Trustee's own gross negligence or willful misconduct. No Trustee shall be liable for any act or omission of any Co-Trustee, or any agent or employee of the Litigation Trust unless that Trustee acted with gross negligence or willful misconduct in the selection or retention of such agent or employee. No action, suit or proceeding of any kind may be brought by the Debtor, or any Affiliates of any of them, present or future, against any Trustee, other than as a result of a material loss to the Debtor, or to the Trust, due to such Trustee's having committed one or more of the acts which constituted a basis for removal in Section 3.3.3 hereof. All actions taken and determinations made by the Trustee, unless otherwise provided in (or unless contrary to the provisions of) this Agreement, the Plan, or a Final Order, shall be final and binding upon all Persons having any interest in the Trust. The Trustee shall be entitled to rely upon the advice of counsel or other advisors to the Litigation Trust and information provided by any other Person employed by the Trust.

**3.6 Trustee' Compensation; Reimbursement of Expenses.** The Trustee shall receive as compensation for his or her services at the rate of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per \_\_\_\_\_. This compensation may be adjusted from time to time by action of the Trustee, subject to approval of the Court after notice to the Reorganized Debtor and a hearing. In addition, each Trustee shall be reimbursed for his or her other reasonable out-of-pocket expenses.

**3.7 Indemnification.**

3.7.1 Each Trustee or former Trustee who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit or proceeding of any kind, whether civil, administrative or arbitrative, and whether brought by or against the Litigation Trust, with respect to a Trustee, by reason of such Trustee being or having been a Trustee of the Litigation Trust, or by reason of such Trustee serving or having served in any capacity at the request of and on behalf of the Litigation Trust, shall be indemnified by the Litigation Trust against expenses, costs and fees (including attorneys' fees), judgments, awards, costs, amounts paid in settlement, and liabilities of all kinds incurred by such Trustee in connection with or resulting from such action, suit, or proceeding, if he or she acted in good faith, and in a manner such Trustee reasonably believed to be in, or not opposed to, the best interests of the Litigation Trust.

3.7.2 Any indemnification under Section 3.7 of this Agreement shall be made by the Litigation Trust upon a determination that indemnification of such Trustee is proper in the circumstances. Such determination shall be made by application to the Court, upon notice to the Reorganized Debtor or by independent legal counsel ordered by the Court to make such determination, or at the election of the Court, by the Court.

3.7.3 Reasonable expenses, costs and fees (including attorneys' fees) incurred by or on behalf of a Trustee in connection with any such action, suit, or proceeding, whether civil, administrative or arbitrative, commenced against such Trustee regarding such Trustee's performance hereunder, may be paid by the Litigation Trust in advance of the final disposition thereof, upon receipt of an undertaking by or on behalf of such Trustee to repay such amount, unless it shall be determined ultimately that such Trustee is not entitled to be indemnified by the Litigation Trust .

3.7.4 The Trustee shall have the power, generally or in specific cases, to cause the Litigation Trust to indemnify the employees and agents of the Litigation Trust to the same extent as provided in this Section 3.7, with respect to the Trustee.

**3.8** The Trustee may purchase and maintain reasonable amounts and types of insurance on behalf of an individual who is or was a Trustee, employee, or agent of the Litigation Trust, against liability asserted against or incurred by such individual in that capacity or arising from his or her status as a Trustee, employee, or agent with the consent of the Reorganized Debtor.

**3.9 Reliance.** Any Person dealing with the Litigation Trust may rely in good faith upon any certificate or other instrument signed by at least one Trustee, or upon any certificate or other instrument signed by an officer or agent of the Litigation Trust, whose authority is evidenced by

a certificate or other instrument signed by at least one Trustee, without the necessity of further inquiry by such Person into the authority of such Trustee, officer or agent to act on behalf of the Litigation Trust ; *provided, however*, that disbursements or expenditures from the Litigation Trust made in respect of investments in accordance with Section 4.2 hereof, and the investment policies duly adopted by the Trustee shall not require the signature of any Trustee; and *provided, further*, that the Trustee may adopt by-laws concerning these matters that are more restrictive than the foregoing.

**3.10 Actions by Trustee.** Except as otherwise provided in this Agreement or as required by applicable law, all determinations by the Trustee (if there is more than one) shall be made by the vote or consent of a majority of the Trustee then in office, following prior notice to all Trustee.

**3.11 Bond.** The Trustee shall not be required to post any bond or other form of surety, unless otherwise ordered by the Court.

#### **ARTICLE 4 ACCOUNTS AND INVESTMENTS**

**4.1 Accounts.** The Trustee shall establish such funds and accounts with such Persons as he shall, in his discretion, deem necessary or advisable for carrying out the purposes of the Trust.

**4.1.1 Investments.** Investments of monies held in the Litigation Trust estate shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to the following limitations and provisions taking into account the purposes for which the Litigation Trust was created. In determining investments to be held by the Litigation Trust , due regard shall be given by the Trustee to safety of principal and to production of reasonable amounts of current income. The Trustee shall not be under any obligation to invest the Trust Assets for capital appreciation, in view of the purposes for which the Litigation Trust was created.

#### **ARTICLE 5 POWERS, TRUST ADMINISTRATION**

##### **5.1 Trust Powers.**

**5.1.1** Pursuant to the Confirmation Order, subject to the limitations set forth in this Agreement, and subject to the provisions and limitations of the Plan, all of which are incorporated herein, the Trustee shall have the power to take any and all actions as, in the sole judgment and discretion of the Trustee, are necessary or advisable to effectuate the purposes of the Litigation Trust , including without limitation, each power expressly granted in Section 5.1.3 of this Agreement and any power reasonably incidental thereto, and any trust power now or hereafter permitted under the law of the State of Alaska that is not inconsistent with the provisions of this Agreement.

**5.1.2** Except as expressly provided in the Plan or in this Agreement, the Trustee may, but need not, obtain the order or approval of the Court, or any other court in the exercise of

any power or discretion conferred hereunder, or account to the Court or to any other court in the absence of a breach of trust.

5.1.3 Without limiting the generality of Section 5.1.1 of this Agreement, and subject to the other provisions of this Agreement, the Trustee shall have the power:

5.1.3.1 to receive and hold the Trust Assets and other additions to the Litigation Trust from any source, provided such additions are made pursuant to the Plan, the Confirmation Order or another order of the Court, and to administer and distribute the same as a part of the Litigation Trust estate;

5.1.3.2 to invest and reinvest the funds of the Litigation Trust as provided in this Agreement;

5.1.3.3 upon entry of a Final Order, to pay the Allowed Claim of a Non-settling Tort Claimant, in accordance with and subject to the limitations contained in the Plan, including, but not limited to, withholding any payment until all of the Tort Claims of Non-settling Tort Claimants have been determined by a Final Order;

5.1.3.4 to defend against, resolve, liquidate, or otherwise deal with and settle the Non-settling Claims assumed by the Litigation Trust, pursuant to Article 6 hereof subject, however, to the terms of the Plan, and to employ and compensate legal counsel, accountants, financial advisors, expert witnesses, and other parties deemed by the Trustee to be qualified as experts in connection therewith (subject in all respects to the provisions and limitations of this Agreement and the Plan), as the Trustee shall in his sole discretion deem best;

5.1.3.5 to assert any and all defenses to a Non-settling Tort Claim available to the Debtor or any of the Participating Third Parties;

5.1.3.6 to employ and compensate, utilizing Trust Assets, legal, financial, accounting, investment, and other advisors, custodians of assets, agents, the Special Arbitrator, and other parties deemed by the Trustee to be qualified as experts on such matters as may arise before them, and to delegate to such Persons such powers, authority, and discretion as the Trustee, in his discretion deems advisable or necessary to carry out the terms of the Litigation Trust, and the opinion of such Persons on any matters submitted to them by the Trustee shall be full and complete protection to the Trustee with regard to any action taken by the Trustee hereunder in good faith, and in accordance with such opinion;

5.1.3.7 to reimburse, utilizing Trust Assets, the Trustee, subject to Section 3.6 above, such employees, legal, financial, accounting, investment, and other advisors and experts, and agents, described in Section 5.1.3.4 and 5.1.3.5 above, for all properly documented out-of-pocket costs and expenses incurred by such Persons in connection with the performance of his duties hereunder; *provided, however, that* the Trustee shall not incur fees and expenses in excess of a total of \$\_\_\_\_\_, without prior notice to the Reorganized Debtor and an order of the Court entered prior to the incurrence of such fees and expenses.

5.1.3.8 to make such decisions as they may deem appropriate in connection with the administration of the Litigation Trust of the performance of his duties;

5.1.3.9 to apply to the Court for instructions to the Trustee as he may deem proper or necessary in connection with the administration of the Litigation Trust, of the performance of his duties; *provided, however, that*, any such applications shall be on notice to the Reorganized Debtor, each of whom shall have standing to appear and be heard on any such applications;

5.1.3.10 to indemnify (and purchase insurance indemnifying) its directors, officers, employees, agents, the Special Arbitrator, and representatives in accordance with Section 3.7 above, to the fullest extent that a corporation organized under Alaska law is entitled to indemnify its directors, officers, employees, agents, and representatives, subject to approval of the Court, upon notice to the Reorganized Debtor;

5.1.3.11 to delegate any or all of the discretionary powers and authority herein conferred at any time, with respect to the investment of the Trust Assets to any one or more recognized individual or institutional advisors or investment managers acceptable to the Trustee, and to compensate and reimburse such advisors and managers for their services;

5.1.3.12 to establish such funds, reserves, and accounts within the Litigation Trust with Trust Assets as may be deemed by the Trustee to be useful or necessary in carrying out the purposes of the Litigation Trust ;

5.1.3.13 to draft and amend from time to time, bylaws governing the operation of the administration of the Litigation Trust upon approval of the Court, after notice to the Reorganized Debtor, provided that any such bylaws are not inconsistent with any of the provisions contained in this Agreement or the Plan;

5.1.3.14 to enter into such other arrangements with third parties as are deemed by the Trustee to be useful in carrying out the purposes of the Litigation Trust (including, without limitation, (i) engaging a financial institution to act as paying agent, depository, custodian, or trustee with respect to funds, reserves, or accounts created hereby or established pursuant hereto, and (ii) renting or leasing such real and personal properties, as the Trustee may deem necessary or desirable for the proper administration of the Litigation Trust ), and to compensate such third parties for their services;

5.1.3.15 to institute any action or proceeding at law or in equity for the collection of any sums due to the Litigation Trust, or otherwise to advance the interests of the Litigation Trust in a manner not inconsistent with the terms of the Plan, prosecute any such action or proceeding to judgment or final decree, enforce any such judgment or final decree, and collect in any manner provided by law, the monies adjudged or decreed to be payable; *provided however, that* so long as the Debtor has timely and fully transferred the Trust Assets into the Settlement Trust for allocation to the Litigation Trust, and all assets required to be transferred to the Litigation Trust pursuant to the Plan have been timely and fully transferred into the Litigation Trust, regardless of any deficiency in the Litigation Trust or any other reason, the Litigation Trust may not institute any action or proceeding against the Debtor, the Reorganized Debtor, or against any other Person expressly released pursuant to the terms of the Plan, for collection of any sums in respect of the Tort Claims;



5.1.3.16 to rely upon any affidavit, certificate, letter, notice, telegram, e-mail, or other paper or electronic writing, or upon any telephone conversation or other oral communication, believed by the Trustee to be genuine and sufficient, and upon any other evidence believed by the Trustee to be genuine and sufficient, and to be protected and saved harmless in respect of all payments or distributions made hereunder, if made in good faith and without actual notice or knowledge of the changed condition or status of any Person receiving payments or other distributors upon a condition.

## **5.2 Administration.**

5.2.1 The Trustee shall conduct the business of the Litigation Trust in accordance with the provisions of this Agreement.

5.2.2 The Litigation Trust shall use a calendar year accounting year and shall utilized the accrual method of accounting.

5.2.3 In the event that the duration of the Litigation Trust exceeds one year, the Trustee shall cause to be prepared and filed with the Court as soon as available and in any event within one hundred twenty (120) days following the end of each fiscal year, an annual report containing financial statements of the Litigation Trust, including without limitation, a balance sheet of the Litigation Trust as of the end of such fiscal year and a statement of operations for such fiscal year.

5.2.4 Simultaneously with the earlier to occur of: (i) the Trustee' application to the Court for an order terminating the Litigation Trust, (ii) the delivery of the financial statements referred to in Section 5.2.3 above, and (iii) quarterly, beginning with the first quarter after the funding of the Litigation Trust , the Trustee shall cause to be prepared and filed with the Court, a report and accounting containing a summary in reasonable detail of the following information with respect to the period covered by such application or such financial statements, as the case may be:

5.2.4.1 The number of Tort Claims of Non-settling Tort Claimants remaining to be liquidated;

5.2.4.2 The investment income earned by the Litigation Trust ; and

5.2.4.3 The amount of expenses incurred by the Litigation Trust.

5.3 The Trustee shall cause to be filed timely such income tax and other returns and statements as are required to comply with applicable provisions of the Internal Revenue Code and of any state law and the regulations promulgated thereunder. The Litigation Trust shall be responsible for paying taxes and any other obligations or liabilities of any and all kinds whatsoever which at any time are lawfully levied, assessed upon, or become payable in respect of the Litigation Trust or the Trust Assets. The Trustee shall utilize Trust Assets to pay such taxes, levies, and assessments. The Trustee shall make any election and provide any information as may be necessary to comply with the requirement of a Qualified Settlement Fund under Section 468B of the Internal Revenue Code.

**ARTICLE 6**  
**LITIGATION PROTOCOL, ALLOWANCE, AND DISTRIBUTION**

**6.1 Litigation Protocol.**

6.1.1 **Scope.** The Claims of all Non-settling Tort Claimants shall be resolved under and in accordance with the terms of this Article 6 (the "**Litigation Protocol**") and the Plan. Only those Non-settling Claims that satisfy the eligibility criteria specified in Section 6.2 below are eligible to receive payment hereunder.

6.2 **Irrevocable Election.** Non-setting Tort Claimants shall resolve their Tort Claims exclusively under the Litigation Protocol, and cannot pursue their Claims or the collection thereof under the Litigation Trust or otherwise.

**6.3 Eligibility.**

6.3.1 Non-settling Tort Claimants who timely filed a Proof of Claim in the Reorganization Case and whose Tort Claims are not resolved prior to the Effective Date and which are to be determined, in accordance with the terms of the Plan for Non-settling Tort Claimants, will be deemed to have the action instituted by the objection, if any, filed to the Tort Claim prior to the Effective Date. The Proof of Claim form and information contained in the Claimant's submission in the Reorganization Case, as well as all documents and pleadings relating to any objections filed to such Tort Claim, shall be deemed as and shall become the Litigation Trust 's files.

6.3.2 In order to be eligible to participate in the Litigation Protocol under this Article 6, a Non-settling Tort Claimant must satisfy the following criteria:

6.3.2.1 The Tort Claim of a Non-settling Tort Claimant against the Debtor has not been released (or such Claim been resolved by final judgment, dismissal, or order);

6.3.2.2 The Tort Claim of a Non-settling Tort Claimant has not been disallowed by the Court;

6.3.2.3 The Debtor has filed an objection to the Tort Claim or the Tort Claimant has timely elected to opt-out of the Settlement Trust in accordance with the terms provided by the Plan and any Orders of the Court;

6.3.2.4 The Tort Claimant has filed a timely Proof of Claim in the Case or a timely Proof of Claim has been filed on his or her behalf pursuant to Bankruptcy Rule 3005; and

6.3.2.5 The Non-settling Tort Claimant has not transferred his or her right to recover with respect to the Tort Claim such that the Claim can be asserted by another Person.



#### **6.4 Litigation, Disallowance, Allowance, Liquidation.**

**6.4.1 Litigation Trust Sole Real Party in Interest.** The Plan and the Confirmation Order shall provide, among other things, that (i) any and all litigation on behalf of Non-settling Tort Claimants shall be brought and maintained nominally against the Debtor (not the Reorganized Debtor), (ii) the Litigation Trust shall be the true party in interest in any such litigation, (iii) no other Person may be sued or named as a defendant in such litigation, and (iv) in no event shall the trust form of the Litigation Trust be disregarded.

**6.4.2 Settlement of Litigation.** The Trustee shall aggressively litigate the Non-settling Tort Claims. The Trustee shall be responsible for negotiating when, in his or her judgment, such settlements would facilitate resolution of the Claims of Non-settling Tort Claimants. A condition to any settlement of a Non-settling Tort Claim is a general release by the corresponding Non-settling Tort Claimant of all Released Parties and Settling Parties and their property released and deemed to be released pursuant to Article 21 of the Plan. As part of a settlement of a Non-settling Tort Claim, the Litigation Trustee may request that the Settlement Trustee agree to assign the Debtor's claims against the Breaching Insurers arising out of the Non-settling Tort Claim; but the Settlement Trustee may only assign the claim against the Breaching Insurer if he deems the Litigation Trustee's settlement to be reasonable after conferring with the Special Arbitrator. In no event, may a Non-settling Tort Claimant who has settled his litigation opt back into treatment under the Settlement Trust.

**6.4.3 Dismissal; Withdrawal of Claims.** At any time on written notice to the Trustee, a Non-settling Tort Claimant may withdraw his or her Tort Claim. In that event, such Non-settling Tort Claimant shall simultaneously file with the applicable court, appropriate pleadings necessary to have any litigation, in which he asserts his Tort Claim against the Debtor, dismissed with prejudice. Any Non-settling Tort Claimant whose litigation against the Debtor is dismissed, whether at the request of such Non-settling Tort Claimant or otherwise, by the court in which it is pending, shall have his Non-settling Tort Claim disallowed in its entirety. Any such withdrawn or dismissed Non-settling Tort Claim may, at no time, be reasserted or treated under the Litigation Trust or the Settlement Trust.

**6.4.4 Joint Defense.** Certain provisions of the Plan provide that the Tort Claims of Non-settling Tort Claimants are channeled to the Litigation Trust for resolution hereunder. Upon the request of the Trustee, the Participating Third Parties, the Debtor or the Reorganized Debtor, and the Litigation Trust shall negotiate and enter into joint defense agreements, if any, as the Trustee believes appropriate.

**6.4.5 Cooperation.** Upon request from time to time by the Trustee, the Debtor shall deliver to the Trustee such Non-settling Tort Claimants' files and documents, privileged and non-privileged, relating to the Tort Claims of Non-settling Tort Claimants, as are necessary for the Trustee to pursue his duties hereunder. The Debtor shall also provide reasonable cooperation to the Trustee, including providing evidence and testimony. The Trustee shall cooperate with and provide to the Reorganized Debtor, such information regarding the Tort Claims of Non-settling Tort Claimants as the Reorganized Debtor may reasonably request from time to time, to facilitate the Reorganized Debtor in responding to or attending to matters relating to the Reorganization Case.

**6.4.6 Privileged and Confidential Information.** All privileged and confidential information provided to the Litigation Trust by the Debtor, the Reorganized Debtor, any Participating Third Party, or any officer, employee, agent of or attorney for the Debtor, Reorganized Debtor, and any Participating Third Party shall be maintained by the Litigation Trust as privileged and confidential. All privileged information provided to the Litigation Trust by the Debtor, the Reorganized Debtor, or Participating Third Parties or any office, employee, agent, or attorney therefore, shall continue to be protected under the applicable privilege. The Litigation Trust shall not disclose any privileged and confidential information of the Debtor, the Reorganized Debtor, or any Participating Third Party without the prior written consent of the Debtor, the Reorganized Debtor, or such Participating Third Party.

**6.4.7 Privilege.** The providing of information by the Debtor, the Reorganized Debtor, or any Participating Third Party to the Litigation Trust and the Trustee pursuant to this Agreement shall not be, and shall not be construed to be, a waiver of any applicable privilege. The Litigation Trust is authorized to assert any and all applicable privileges on behalf of the Debtor, the Reorganized Debtor, and any Participating Third Party which has common legal counsel with the Litigation Trust as set forth herein. The Litigation Trust shall not voluntarily waive any privilege available to it, the Debtor, the Reorganized Debtor, or such Participating Third Party. Upon receipt of any subpoena or other discovery request for confidential or privileged information of the Debtor, the Reorganized Debtor, or such Participating Third Party, the Litigation Trust shall promptly notify the Debtor or the Reorganized Debtor, or such Participating Third Party and shall cooperate with the Debtor, the Reorganized Debtor, or such Participating Third Party in objecting to, complying with, or otherwise responding to such subpoena or discovery request. The Debtor, the Reorganized Debtor, and such Participating Third Parties shall remain the sole owners of their respective privileges; no such privilege shall pass to or be owned by the Litigation Trust.

**6.4.8 Litigation Materials.** All documents and materials assembled by the Trustee in connection with the Non-settling Personal Injury Claims, including, without limitation, documents and information provided by the Debtor or the Reorganized Debtor and produced or preserved as a result of discovery (collectively, "**Litigation Materials**"), shall be maintained by the Trustee until termination of the Litigation Trust, in accordance with Section 7.2 below. The Trustee may, during any wind up of the affairs of the Litigation Trust pursuant to Section 7.2.3 below, dispose of the Litigation Materials without the prior written consent of the Debtor or the Reorganized Debtor, unless prior to such termination the Trustee has received a written request from the Reorganized Debtor to deliver the Litigation Materials to the Reorganized Debtor.

**6.4.9 Claims Determination Records.** The Trustee shall maintain (but not file with any court) records of all individual determinations and payments with respect to the Non-settling Tort Claims. The records shall include the determination of the Claim, dates of abuse, the amount and date of payments distributed. Such records shall be redacted to preserve Claimant confidentiality. The Debtor or Reorganized Debtor shall at its request and expense, be afforded access to and permitted to inspect all documentation and other supporting evidence submitted by any Non-settling Tort Claimant who has been paid, as may be necessary for the Debtor or Reorganized Debtor to receive benefits under insurance policies. The Reorganized

Debtor shall maintain the confidentiality of the Claims information to protect the identity of the Claimants.

**6.4.10 Attorneys' Fees.** The Litigation Trust and Non-settling Tort Claimants shall each bear their own costs, expenses, and attorneys' fees in connection with the Litigation Protocol set forth in this Article 6.

## **6.5 Payment of Claims.**

**6.5.1 Disallowed Claim.** A Non-settling Tort Claimant whose Claim is determined pursuant to the Litigation Protocol to be Disallowed shall receive no distribution under this Agreement or the Plan, and shall have no further Claim against the Debtor or the Reorganized Debtor and shall have no Claim against the Litigation Trust or the Trustee.

**6.5.2 Maximum Distribution.** Distributions from the Trust Assets shall not exceed the aggregate amount of the Trust Assets allocated to the Litigation Trust available after payment of all administrative expenses of the Litigation Trust, including all attorneys' fees and costs of defending against the Tort Claims of Non-settling Tort Claimants, without limitation, costs of legal defense counsel and the Trustee' compensation.

**6.5.3 Possible Pro-Rata Payments.** In the event that the amount of Trust Assets available for distribution to holders of Allowed Tort Claims of Non-settling Tort Claimants is not sufficient to pay all such Claims in full, each holder of an Allowed Non-settling Tort Claim shall receive a pro-rata share based upon the amount of such Allowed Non-settling Tort Claim in proportion to the total amount of all Allowed Non-settling Tort Claims, subject to the limitations contained in the Plan and after deduction of all costs, fees (including attorneys' fees) and expenses incurred in defending any Tort Claims and administering the Litigation Trust or other expenses, authorized to be paid pursuant to the terms of this Agreement.

**6.5.4 Timing of Payment.** There shall be no payment or distribution on account of Allowed Claims of Non-settling Tort Claimants until after the Claims of all of the Non-settling Tort Claimants have been determined by a Final Order.

**6.5.5 Discussions; Inadmissibility.** Establishment of the Litigation Trust and payments hereunder to Allowed Tort Claims of Non-settling Tort Claimants, do not constitute any admission of fault, liability, or damages. Discussions made in connection with the resolution of a Claim hereunder shall be confidential, and shall not be disclosed to other Claimants or their counsel or to any other Person.

## **ARTICLE 7 GENERAL PROVISIONS**

**7.1 Irrevocability.** Except as otherwise provided in Section 7.6, the Litigation Trust is irrevocable. Neither the Debtor, nor the Reorganized Debtor, nor its successors in interest, nor any Affiliates thereof, hold or may hold any beneficial interest in the income or corpus of the Litigation Trust.

## **7.2 Termination.**

7.2.1 At such time as all Trust Assets have been fully and finally distributed in accordance with the terms of the Plan and this Agreement, the Trustee shall apply to the Court for an order of the Court terminating the Trust, upon such notice as the Court shall order.

7.2.2 Upon the Court's order terminating the Litigation Trust becoming final, except to the extent otherwise provided in such order, the Litigation Trust shall be terminated, and the Trustee shall be discharged of all responsibilities with respect to the Litigation Trust .

7.2.3 Upon termination of the Litigation Trust, the Trustee shall remain authorized to wind up the affairs of the Litigation Trust and shall transfer any balance, if any, of funds in the Litigation Trust after payment of or adequate provision for, any remaining Litigation Trust expenses to the Settlement Trust to be distributed in accordance with the terms of the Plan.

7.3 **Confidentiality.** Copies of all documents, notices, statements, reports, motions, or similar documents provided to the Trustee pursuant to this Agreement shall be provided on a confidential basis and shall be kept confidential by the Trustee, unless such information is otherwise publicly available.

7.4 **Severability.** Should any provision of this Agreement be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Agreement.

7.5 **Headings.** The headings used in this Agreement are inserted for convenience only and shall not affect the construction of any and all other provisions of this Agreement.

7.6 **Amendment.** When necessary to carry out the purposes of the Litigation Trust, this Agreement may be amended only by an instrument signed by each of the Trustee then in office; provided, however, that any such amendment must be consistent with the Plan; and provided further, that such amendment shall become effective only with the approval of the Court and after notice and a hearing as the Court may direct.

7.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but which counterparts together shall constitute but one and the same instrument.

7.8 **Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Debtor, the Litigation Trust, and the Trustee, and their respective successors and assigns, except that neither the Debtor, nor the Reorganized Debtor, nor the Litigation Trust nor any Trustee may assign or otherwise transfer any of his, her, or its rights or obligations under this Agreement.

7.9 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

**7.10 No Adverse Action.** No Trustee shall take any action that will adversely affect the qualification of the Litigation Trust as a "Qualified Settlement Fund" within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended.

**7.11 No Execution.** All Trust Assets and funds in the Litigation Trust are deemed to be *in custodia legis* until such times as funds have actually been paid to and received by a Non-settling Tort Claimant. No Non-settling Tort Claimant or any other Person may execute upon, garnish or attach the Litigation Trust estate in any manner whatsoever or compel payment from the Litigation Trust of any Non-settling Tort Claim or other Claim. Any and all payments of Non-settling Tort Claim shall be controlled solely by the Plan and this Agreement. No Non-settling Tort Claimant or any other person may execute upon, garnish, attach or in any way compel payment from the Settlement Trust.

**7.12 Controlling Document.** In the event of any conflict between the provisions of this Agreement and the Plan, the Plan shall be the controlling document.

IN WITNESS WHEREOF, the Trustor and the Initial Trustee have caused this Agreement to be duly executed by them or their respective authorized representatives.

Dated: \_\_\_\_\_

CATHOLIC BISHOP OF NORTHERN  
ALASKA, an Alaska religious  
corporation sole

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TRUSTEE:

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

# EXHIBIT 11



Catholic Bishop of Northern Alaska  
Five Year Cash Flow Forecast  
Summary of Significant Forecast Assumptions  
For the Years Ending June 30, 2010 through June 30, 2014

Summary

The financial forecast presents, to the best of our knowledge and belief, the expected financial activity for the five fiscal years ending June 30, 2010 through June 30, 2014. Accordingly, the forecast reflects management's judgment as of December 10, 2009, the date of this forecast of the Catholic Bishop of Northern Alaska's (CBNA) most likely set of conditions and its most likely course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the validity of the forecasts may decrease in proportion to the time elapsed since their determination. Subsequent events and circumstances may differ from those assumed as of the date of this forecast. Accordingly, the forecasted results should be evaluated in light of such changes. Historical revenues and operating expenditures form the basis for the assumptions used in the forecast.

Significant Assumptions

1. The eight parishes listed below are recognized as fully self-supporting parishes that are in no manner subsidized by CBNA. Their fully self-supporting status grants them financial autonomy. We further assume that these eight parishes will remain fully self-supporting through June 30, 2014. Accordingly, their financial data is not part of this forecast. The eight self supporting parishes are:
  - a. St. Patrick Church, Barrow
  - b. Immaculate Conception Church, Bethel
  - c. Our Lady of Sorrows, Delta Junction
  - d. Sacred Heart Cathedral, Fairbanks
  - e. Immaculate Conception Church, Fairbanks
  - f. St. Mark's University Parish, Fairbanks
  - g. St. Nicholas Church, North Pole
  - h. St. Raphael Church, Fairbanks.
2. There will be no change in support status for the subsidized parishes. All parishes that are currently subsidized by CBNA will continue to be subsidized through June 30, 2014.
3. Fairbanks Counseling and Adoption is sovereign and apart from CBNA. As such, their financial data is not part of this forecast.
4. Catholic Schools of Fairbanks is not its own juridical person.
5. KNOM radio station Plans to legally separate from CBNA. This separation will occur through a process of legal acquisition. Accordingly, KNOM's financial data is not part of this forecast.
6. CBNA receives custodial funds from various persons and entities that are passed on to the target entity on a quarterly, semi-annual, and/or annual basis. These monies are in no way part of CBNA's operating resources.
7. The following assumptions were made regarding ministry programs:
  - a. No current programs will be eliminated
  - b. Current programs that have seen reductions over the past five years will be funded back to their original level as funding becomes available.
  - c. The following new programs will be added if offsetting grant revenue can be obtained:
    - i. A Clergy Enculturation Program will be developed in 2009/2010 to better acclimate the new priests to ministry in the Alaska bush country. This program will be outsourced to a 1099 independent contractor at an anticipated fee of \$20,000 the first year, with successive annual fees of approximately \$10,000 per year.



ii. Synod Gathering in 2011/2012

1. Anticipated cost of \$300,000

8. The Endowment is and will remain a separately managed fund for the benefit of the programs, missions, and subsidized parishes of CBNA. Cap Trust, the investment advisor for CBNA, has calculated a collection scenario at the 6.50% level. That scenario, along with management's targeted collection is as follows:

Simulated Portfolio Scenario – 6.50% Collect

Percentile	2010				2011				2012			
	Cap Trust		CBNA	Collect	Cap Trust		CBNA	Collect	Cap Trust		CBNA	Collect
	Value	Collect			Value	Collect			Value	Collect		
10th	4,863,389	315,470	6.50%	291,203	5,233,724	340,192	6.50%		5,601,317	364,086	6.50%	
25th	4,570,627	297,091	6.50%		4,910,600	319,189	6.50%	294,636	5,236,197	340,353	6.50%	314,172
50th	4,299,636	279,476	6.50%		4,600,927	299,060	6.50%		4,886,277	317,608	6.50%	
75th	4,040,144	262,609	6.50%		4,304,393	279,786	6.50%		4,551,204	295,828	6.50%	
90th	3,810,007	247,650	6.50%		4,041,406	262,691	6.50%		4,254,038	276,512	6.50%	

Percentile	2013				2014			
	Cap Trust		CBNA	Collect	Cap Trust		CBNA	Collect
	Value	Collect			Value	Collect		
10th	5,922,489	384,962	6.50%		6,233,545	405,180	6.50%	
25th	5,514,972	358,473	6.50%	330,898	6,126,003	398,190	6.50%	367,560
50th	5,124,420	333,087	6.50%		5,692,180	369,992	6.50%	
75th	4,750,438	308,778	6.50%		5,276,763	342,990	6.50%	
90th	4,418,765	287,220	6.50%		4,908,342	319,042	6.50%	

9. The following properties will be sold in FYE 2010:

Anderson town site 4 vacant lots	\$	6,000.00
Cessna 172	\$	25,000.00
Aluminum 24' Sea Boat	\$	7,500.00
Harding Lake 2nd Tier Vacant Lot	\$	3,000.00
Akulurak property sold	\$	25,000.00
Vacant lot next to Catholic Schools	\$	59,000.00
Oknagamut Property	\$	10,000.00
Our Lady of the Lake Chapel	\$	15,000.00
	\$	150,500.00

10. The following assumptions were made regarding staffing, both secular and religious:

- Wages will remain frozen through FYE 2011, except for those position advancements that include increased responsibilities and duties. Longevity increases and a 3% COLA increase will be given in fiscal years 2012 through 2014. Management anticipates that the longevity increase will average \$7,000 each of those three years.
- The following secular personnel changes will occur in fiscal year 2010. All associated cost changes have been incorporated into the forecast.
  - Development Officer
    - The Development Office operation of \$50,000 will be offset by a \$35,000 grant for the first year and \$70,000 for three more years of operation
    - Management conservatively anticipates the following increases in donation revenue attributable to the development officer:
      - FYE 2010 \$0
      - FYE 2011 \$100,000
      - FYE 2012 \$150,000
      - FYE 2013 \$225,000
      - FYE 2014 \$300,000

- ii. The Director of Finance will cut back to a 30 hour work week as of July 1, 2009, with a salary reduction of \$30,000. All associated costs have been decreased accordingly.
- iii. The Senior Accountant the position will be eliminated. All associated costs have been decreased accordingly showing a reduction of \$50,000.
- iv. Bishop's office including the Bishop and his Executive Secretary and Assistant to the Bishop each reduced their wage by 20%. All associated costs have been decreased accordingly
- v. A full time youth minister will be added if offsetting grants covering wages and benefits can be obtained.
- vi. A part-time native liaison minister will be added if offsetting grants covering wages and benefits can be obtained.
- vii. The Engineering assistant position was eliminated with saving of \$65,000. All associated costs have been decreased accordingly
- viii. The Maintenance Director was reduced by 20% and assistant position was eliminated with saving of \$77,000. All associated costs have been decreased accordingly
- ix. The Alaskan Shepherd office saw the receipt staff positions wages reduces 20%
- x. We combined the positions of Library clerk and Receptionist for a savings of \$25,000. All associated costs have been decreased accordingly
- xi. The Office of Worship and the Family Life Office were changed to contracts positions for special projects overall savings of \$90,000 All associated costs have been decreased accordingly
- c. The following changes are anticipated for religious vocations. All associated cost changes have been incorporated into the forecast. All seminarian education costs will be funded by financial resources available through the seminary as well as by grants through national Catholic organizations and programs. Seminary is a 4 to 6 year program and costs approximately \$32,000 per seminarian per year.
  - i. FYE 2010
    - 1. 1 new priest with a base salary of \$31,000
    - 2. 1 new seminarian at ½ year entry point with a base salary of \$3,000 (1/2 year). This seminarian will be salaried as a full time seminarian in successive years.
  - ii. FYE 2011 – Two new religious sisters will be added. CBNA will be responsible for their base salary of \$28,000 each. The sisters' order will cover all other costs.
  - iii. FYE 2011, 2012, 2013, and 2014
    - 1. Add two new priests each year with a base salary of \$31,000 each
    - 2. Retirement of one priest each year with a base salary of \$31,000
    - 3. Add one full-time seminarian each year with a base salary of \$6,000
- 11. The following assumptions were made regarding temporarily restricted capital projects:
  - a. CBNA will spend \$405,000 in FYE 2010 - 2014
  - b. Annual capital project costs are expected to be offset by grants of \$250,000 per year and any additional restricted donations. Capital project outlays will be limited to restricted grant and donation revenue actually received.
  - c. A necessary technology upgrade is scheduled for FYE 2011. The expected cost is \$100,000. The realization of offsetting grant revenue is too uncertain to be incorporated into the forecast at this time.
- 12. The following assumptions were made regarding recurring cash inflow:
  - a. Historical data demonstrates that CBNA's contribution revenue appears to be insulated from economic downturns. As such, a reduction in donor contributions due to the current economic climate was not incorporated into the forecast.
  - b. A development officer will be hired early in FYE 2010. See item 10.b for details.
  - c. A new contribution program targeted at diocese external to Alaska is forecast to realize \$65,000 each year through FYE 2014.
  - d. Stamp contributions were forecast to reflect a historical slow, yet steady increase.
  - e. Legacies, bequests, and annuity donations are difficult to forecast based on the historical data, which denotes no trend or constancy in behavior. As such, management has chosen a conservative forecast position.

- f. A new diocesan wide bishop's appeal will begin in FYE 2010 and is expected to generate \$100,000, with an expected growth curve of 3% per year.
- g. Grant Revenue
  - i. General grant revenue
    - 1. Management has set \$1,273,000 in FYE 2010, \$1,322,000 in FYE 2011, \$1,554,000 in FYE 2012, \$1,586,000 in FYE 2013 and \$1,589,000 in FYE 2014.
    - 2. A special bishop's appeal for general operating costs (as a component of unrestricted grants) will be implemented as follows:
      - a. FYE 2010 \$200,000
      - b. FYE 2011 \$100,000
      - c. FYE 2012 \$50,000
  - ii. Capital project grants are expected to reach \$400,000 in FYE 2010 & FYE 2011, and maintain \$600,000 from FYE 2012 through FYE 2014.
  - iii. A first year, \$35,000 per year grant, for the purpose of offsetting development office operations is expected to begin in FYE 2010 with three more years of \$70,000 each.
  - iv. Financial aid through the seminary and education grants are expected to cover all costs for each seminarian. CBNA expects to promote one new seminarian each year through FYE 2014. Estimated cost is \$32,000 each.
- h. Parish assessments will increase at an anticipated inflation rate of 3.00%.
- i. Service Use Fees of \$75,000 are expected in FYE 2010 with an anticipated inflation adjustment of 3.00% per year through FYE 2014:
  - i. Portfolio management fees \$55,000
  - ii. ACCB \$7,200
  - iii. CTNA \$5,000
  - iv. Other \$7,800
- j. Interest revenue is expected to increase 3.00% per year.

Net assets released from restriction is expected to be \$1,546,959., \$1,606,615., \$1,847,500., \$1,880,706., \$1,904,982. for FYE 2010 through FYE 2014.

13. The following assumptions were made regarding recurring cash outflow:

- a. General operating costs: except as where specifically noted, our forecast demonstrates management's intent to first reduce, then maintain, or adjust for a minimal ½% to 3% inflation rate.
- b. Outreach support and charitable contributions will be held at \$25,000 per year through FYE 2014.
- c. The subsidy payment to Catholic Schools of Fairbanks will be held at \$100,000 per year through FYE 2014.
- d. The subsidy payment to Fairbanks Counseling and Adoption will be held at \$108,000 per year through FYE 2014.

14. The following assumptions were made regarding non-recurring cash inflow:

- a. A bishop's special appeal to the Alaskan Shepherd donors to pay for counseling for survivors will generate \$100,000 in FYE 2011 and FYE 2012. The appeal is expected to cost \$20,000 each year. However, payment to the fund will be limited to the donations received less costs incurred.

- b. For the sale of Pilgrim Hot Springs will generate \$1,850,000. The payment to the fund will be limited to the actual revenues received less costs incurred.
- c. Alaska National Ins. Co has committed \$1,400,000 cash inflows to the settlement.
- d. Monroe Foundation Inc for the Catholic Schools of Fairbanks will contribute \$150,000
- e. The parishes of the diocese will contribute from the Catholic Trust of Northern Alaska and other liquid asset \$650,000 toward the settlement.
- f. KNOM has committed cash assets of \$150,000 toward the settlement.
- g. CBNA will sell the following Real Property to the Endowment fund in exchange for cash and marketable securities:

1. Chancery	\$1,200,000
2. Warehouse	\$ 200,000
3. Kobuk Center	\$1,120,000
4. Catholic Schools	\$3,500,000
5. KNOM Buildings	\$ 430,000
6. Fairbanks Counseling & Adoption	\$ 600,000
7. Betty St. Convent	\$ 205,000
8. Hanger	\$ 346,000
9. Kateri Tekakwitha Center	\$ 175,000
10 Cessna 207	\$ 75,000
11 Vacant lot EM Jones Sub	\$ 31,000
	\$7,882,000

15. The following assumptions were made regarding non-recurring cash outflow:

- a. The Bishop's appeal(s), as schedule for FYE 2011 and 2012 will cost \$20,000 each year.
- b. Costs associated with Pilgrim Hot Springs will be \$10,000 in FYE 2010.
- c. Admin costs associated with the reorganization are conservatively projected at \$2,307,000 in FYE 2010. All admin costs will be paid out of settlement proceeds.
- d. Approximately \$105,000 plus interest will be paid to the pre-petition creditors and will be paid in three equal annual installments in fiscal years 2010, 2011, and 2012.

16. The following assumptions were made regarding cash flow from financing activities:

- a. Debt service is expected to begin in FYE 2010 as follows:

Accrued interest for The Great Falls-Billings Montana Diocese will be paid on the effective date totaling \$90,962 .

- 1. Principal payments on the Great Falls-Billings Montana loan will be made monthly based on a twenty year amortization at a rate of 7%.

# EXHIBIT 12

Catholic Bishop of Northern Alaska  
Five Year Cash Flow Forecast  
06/30/10 through 06/30/14

	Forecast - June 30, 2010		Forecast - June 30, 2011		Forecast - June 30, 2012		Forecast - June 30, 2013		Forecast - June 30, 2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Note: All non-cash intra department activity has been eliminated										
Cash Flow From Recurring Operating Activities										
Cash inflow:										
Donations	3,989,200	65,000	3,975,860	65,000	4,004,350	65,000	4,141,380	65,000	4,331,772	65,000
Grants	-	1,273,000	-	1,322,000	-	1,554,000	-	1,586,000	-	1,589,000
Parish assessments	74,644	140,756	76,883	144,979	79,190	149,328	81,566	153,808	84,012	158,422
Rents, service use fees, merchandise, miscellaneous	168,000	-	155,866	-	159,642	-	163,531	-	167,337	-
Investment income, net of fees	18,000	291,203	19,050	294,636	20,132	314,172	21,245	330,898	22,393	367,560
Net assets released from restrictions for operations	1,546,959	(1,346,959)	1,606,615	(1,606,615)	1,847,500	(1,847,500)	1,880,706	(1,880,706)	1,904,382	(1,904,382)
Total inflow	5,796,803	223,000	5,834,274	220,000	6,110,813	235,000	6,288,429	255,000	6,510,696	275,000
Cash outflow:										
Capital assets	155,000	250,000	155,000	250,000	155,000	450,000	155,000	450,000	155,000	450,000
Advertising, printing, postage, freight	37,000	-	38,110	-	39,253	-	40,431	-	41,644	-
Dues, subscriptions, licenses, fees, permits	17,300	-	17,300	-	17,300	-	17,300	-	17,300	-
Wages, stipends, allowances, benefits, payroll taxes	2,003,084	430,885	2,157,348	444,741	2,211,801	456,953	2,332,403	431,854	2,460,890	444,809
Subsidies and assessments	401,349	363,907	407,149	374,824	413,124	386,069	419,178	397,651	425,616	409,381
Outreach support and contributions	25,000	-	25,000	-	25,000	-	25,000	-	25,000	-
Conferences, retreats, education, special activities	116,000	18,000	116,000	32,000	116,000	64,000	116,000	96,000	116,000	128,000
Insurance	67,857	13,000	69,893	-	71,989	-	74,149	-	76,374	-
Annuity payments, finance charges, other interest expense	34,284	-	35,298	-	36,341	-	37,417	-	38,524	-
Maintenance	70,400	-	96,900	-	71,150	-	72,073	-	73,023	-
Newsletter production costs	996,590	-	1,001,975	-	1,006,985	-	1,012,020	-	1,017,080	-
Professional Counseling	-	50,000	-	80,000	-	80,000	-	101,500	-	101,500
Professional fees and business meals	185,000	-	101,500	-	101,500	-	101,500	-	169,514	-
Rents and leases	166,000	-	166,840	-	167,705	-	168,596	-	169,514	-
Supplies - operational, religious, resale	54,300	1,200	55,740	1,200	57,223	1,200	58,751	1,200	60,324	1,200
Travel	301,900	-	305,557	-	309,234	-	312,931	-	316,649	-
Utilities	108,840	-	113,334	-	118,019	-	122,905	-	128,000	-
Total outflow	4,740,314	1,126,952	4,862,943	1,182,765	4,917,625	1,438,222	5,065,753	1,376,705	5,222,438	1,433,590
Net Cash Flow From Recurring Operating Activities	1,056,489	(903,952)	971,331	(962,765)	1,193,188	(1,203,222)	1,222,676	(1,121,705)	1,288,258	(1,158,590)
Cash Flow From NonRecurring Activities										
Cash inflow:										
Bishop's appeal - claimants	-	-	-	100,000	-	100,000	-	-	-	-
CNA - Insurance Settlement	-	-	-	-	-	-	-	-	-	-
KNOM	-	75,000	-	-	-	-	-	-	-	-
Monroe Foundation-CSF	-	150,000	-	-	-	-	-	-	-	-
Parish-CTNA Contribution	-	650,000	-	-	-	-	-	-	-	-
Sale of property	-	150,300	-	-	-	-	-	-	-	-
Sale of assets Endowment	-	7,882,000	-	-	-	-	-	-	-	-
Pilgrim Hot Springs	-	1,850,000	-	-	-	-	-	-	-	-
Alaska National Ins Co Settlement	-	1,400,000	-	-	-	-	-	-	-	-
Total inflows	-	12,307,500	-	100,000	-	100,000	-	-	-	-
Cash outflow:										
Bishop's appeal - claimants	-	-	-	20,000	-	20,000	-	-	-	-
Pilgrim Hot Springs	-	10,000	-	-	-	-	-	-	-	-
Bankruptcy reorganization costs	25,000	2,307,000	-	-	-	-	-	-	-	-
Payment of sexual abuse claims	-	9,800,000	-	-	-	-	-	-	-	-
Payment of post mediation Administrative costs	-	190,500	-	-	-	-	-	-	-	-
Payback of creditors	36,050	-	36,500	-	35,700	-	-	-	-	-
Total outflows	61,050	12,307,500	36,500	20,000	35,700	20,000	-	-	-	-
Net Cash Flow From NonRecurring Activities	(61,050)	-	(36,500)	80,000	(35,700)	80,000	-	-	-	-
Cash Flow From Financing Activities										
Cash inflow:										
Loan proceeds - Great Falls-Billings Montana diocese	-	-	-	-	-	-	-	-	-	-
Total inflows	-	-	-	-	-	-	-	-	-	-
Cash outflow:										
Debt service - principal & interest	90,962	23,259	93,036	-	93,036	-	93,036	-	93,036	-
Total outflows	90,962	23,259	93,036	-	93,036	-	93,036	-	93,036	-
Net Cash Flow From Financing Activities	(90,962)	(23,259)	(93,036)	-	(93,036)	-	(93,036)	-	(93,036)	-
Increase/(decrease) in cash flow	904,478	(927,251)	841,795	(882,765)	1,064,452	(1,123,222)	1,129,640	(1,121,705)	1,195,222	(1,158,590)

# EXHIBIT 13





**Hon. William L. Bettinelli (Ret.)**

**Hon. William L. Bettinelli (Ret.)** is a skilled mediator, settlement judge, and special master. Judge Bettinelli has extensive experience in complex multi-party construction, insurance, environmental, real estate, catastrophic personal injury, wrongful death, and employment cases.

#### **ADR Experience and Qualifications**

- Since joining JAMS in 1991, he has served exclusively as a mediator and arbitrator
- Fourteen-year judicial career focused on civil litigation and case resolution
- Successful resolution of the following types of cases:
  - **Environmental:** Multi-party actions involving private, public entity, Super Fund clean-ups, toxic torts, underground storage tanks, land use, industrial clean-ups, and allocation issues
  - **Construction:** Matters involving all types of structures (residential, commercial, industrial, schools, and hospitals), developers, general contractors, subcontractors, design professionals, insurers, bonding companies, public and private owners. Issues involving defective work, design, and claims for delay damages and extras, allocation, and insurance coverage disputes
  - **Insurance:** First and third party insurance coverage, reinsurance, excess, and bad faith matters
  - **Torts:** Personal injury and product cases involving catastrophic injuries and wrongful death
  - **Employment:** Sexual harassment, discrimination (gender, age, race), and wrongful termination
  - **Business/Commercial:** Shareholder actions, partnership and other business dissolutions, and mergers and acquisition litigation
  - **Class Actions:** Product defect, construction defect, and noise discharge actions

#### **Representative Matters**

- Construction action by school district against contractors and design professionals concerning construction and design of a school, and cross-claims for delay damages and extras
- Class action by multiple homeowners against developer, contractors, and design professionals relating to structural defects
- Environmental action by major international corporation, landowner, against an aerospace corporation, former owner, to recover past and future clean-up expenses for solvent contamination that had reached the aquifer
- Sexual harassment and gender discrimination claim by multiple female employees against a multinational corporation
- Wrongful death action against automobile manufacturer for fire caused by design defects
- Crush and amputation injury claim of industrial worker against 50-year chain of owners, manufacturers, and modifiers of the machinery
- National class action against a multi-national company relating to building product defects
- Trial judge in notable appellate cases including: *Silberg v. Anderson*, (litigation privilege), *Gregori v. Bank of America* (lender liability), *Caplungo v. Bondi* (defined an element of negligence per se)

#### **Honors, Memberships, and Professional Activities**

- Recognized as a Best Lawyer, Alternative Dispute Resolution Category, *Best Lawyers in America*, 2006-2010
- Co-author, *California Discovery Handbook* (West Publishing Company)
- Law Professor (Real Property), Empire College of Law
- Instructor: Civil Procedure, Discovery, Torts, Lender Liability, and ADR
- ADR Forms Committee and editorial contributor, *California Practice Guide: Alternative Dispute Resolution* (the Rutter Group)

#### **Background and Education**

- Chairman of The Board of Directors of JAMS, 2004-2006
- Superior Court of Sonoma County, 1982-1991, Presiding Judge, 1984, Principal Civil Law and Motion Judge, supervised judicial arbitration program, 1986-1991; Presiding Judge of the Appellate Department, 1985
- Sonoma County Municipal Court, 1977-1982, Presiding Judge twice
- J.D., University of California, Berkeley, Boalt Hall School of Law, 1969

T: 415-982-5267  
F: 415-982-5287

*Recognized as a Best Lawyer, Alternative Dispute Resolution Category, Best Lawyers in America, 2006-2010*

#### **Case Manager**

Melissa Ornstil  
JAMS  
Two Embarcadero Center  
Suite 1500  
San Francisco, CA 94111  
415-774-2600 Phone  
415-982-5287 Fax  
Email:  
melissaornstil@jamsadr.com

- B.S., Fresno State College, 1966

# EXHIBIT 14

**JAMS**  
**The Resolution Experts**

**Hon. William L. Bettinelli (Ret.)**

December 8, 2009

Kenneth S. Roosa  
Cooke, Roosa LLC  
3700 Jewel Lake Road  
Anchorage, AL 99502  
[Kroosa@cookeroosa.com](mailto:Kroosa@cookeroosa.com)

James Stang  
10100 Santa Monica Blvd.  
Suite 1100  
Los Angeles, CA 90067  
[jstyang@pszjlaw.com](mailto:jstyang@pszjlaw.com)

Paul Sievers  
Manly and Stewart  
4220 Von Karman Ave. Suite 200  
Newport Beach, CA 92660  
[psievers@manlystewart.com](mailto:psievers@manlystewart.com)

Re: **CBNA Bankruptcy-Victim Case Valuation Proposal**

Dear Mr. Counsel:

I have been asked by Mr. Roosa to put together a proposal for the valuation of the claims of the various clergy abuse victims in the CBNA bankruptcy.

I understand there may be three separate sets of valuations necessary depending on the eventual resolution of the legal issues.

#### CBNA SETTLEMENT ALLOCATION

The first evaluation will relate to the distribution of the net proceeds of the \$9,800,000 settlement with CBNA, the diocese, the parishes, and Alaska National Insurance. In that regard, in light of the fact that I have already evaluated a substantial number of the present claims in regard to the earlier Jesuit settlement, I propose a similar process. That is, each of the claims will be individually evaluated on a matrix of evaluation factors that were developed at the time of the Jesuit settlement, and points will be allocated to each victim in relation to each evaluation category. The evaluation factors are as follows:

- 1) Type, nature and severity of the abuse
  - Exposure, touching or rape, etc.
  - Duration of abuse
  - Number of incidents
  - Circumstances of the incidents
- 2) Vulnerability of the victim
  - The relationship of the child to the perpetrator (position of trust vs. passing acquaintance, etc.)
  - Nature and extent of damages suffered
- 3) Age of victim at the onset of abuse
- 4) Overall conduct of the perpetrator
  - Serial abuser with many victims vs. one time or limited involvement
- 5) Mitigating or aggravating factors
  - Statute of limitations issue
  - Incarceration or criminal conduct of victim
  - Present physical or emotional condition of victim

To accomplish the evaluation and allocation I was allowed free and unfettered access to all of Claimants' counsels' client and case files, and records relating to each Claimant including attorney/client and work product protected documents and

communications. These included new client information forms, client employment and criminal histories, client case summaries, psychological evaluations, data on perpetrators, expert witness files, and similar information. I would expect similar data in relation to these additional evaluations.

My conclusions will be recorded on an Excel spreadsheet, and each Claimant will be awarded settlement proceeds in the ratio of the points received by one Claimant to the total points awarded to all Claimants. Thus, if Claimant A is awarded 20 points and the total points awarded all Claimants is 4,000 points, Claimant A will be awarded  $20/4000$  of the net settlement proceeds.

In the Jesuit settlement, each Claimant was allowed 21 days after mailing of notice of allocation to advise the Fund Trustee of any dissatisfaction with the award. Once the Fund Trustee had advised me of any such objection I arranged to meet with or speak with any such objector. I then reviewed and if appropriate reconsidered my allocation and issued a final award. I would anticipate a similar process here.

I understand there are approximately 290 present Claimants, 113 of whom I have already evaluated in relation to the Jesuit settlement. For that evaluation I billed and was paid a total of \$50,000. Since the 113 will not need to be re-evaluated, approximately 177 remain to be reviewed. I would therefore propose conducting that review and evaluation for a flat fee of \$85,000. This is only slightly more on a per-claimant basis than the prior review, but because the net sum to each Claimant will be much lower than the previous settlement I anticipate many more objections to the initial evaluations.

#### POST ABUSE IMPACT CLAIMS

The second proposed evaluation relates to the "Post Abuse Impact" Claimants, who I understand may have suffered post-abuse injury during the periods of April 15, 1979 to April 15, 1983, while the Catholic Mutual umbrella policies were in force, and April 15, 1988 and July 1, 1990 while the Travelers umbrella policies were in force.

I propose that these evaluations be initially done by way of a document only presentation, whereby each Claimant will submit to me medical records, psychological records, and other documents in support of a finding of post-abuse impact during the above periods. After review of the submitted documents, I will issue a proposed dollar

award to each requesting Claimant. Within 21 days after mailing of notice of the proposed dollar award, any Claimant, or the attorney for any Claimant, may object to the proposed award. In that event, I will set a telephonic hearing with the objecting Claimant and/or attorney. During that telephonic hearing each objecting Claimant and/or attorney may present additional information and argument. I will then review and if appropriate reconsider my proposed award and issue a Final Award.

I am unaware of the number of potential “post abuse impact” claims there may be, except that I have been advised that only three may fall within the Travelers coverage period. I assume substantially more may fall within the Catholic Mutual period. Assuming each document review and proposed award preparation will take approximately 1/3 to 1/2 day, I propose that I be compensated at the rate of \$2,500 for each such claim made. I further propose that I be compensated an additional \$1,500 for each objection heard and resolved.

I understand that these “post abuse impact” claim evaluations may be unnecessary, depending on the decisions of the bankruptcy court after the mid January summary judgment motion hearings.

#### DIRECT CATHOLIC MUTUAL CLAIMS

The final proposed evaluation relates to the 31 claims alleged to have occurred during the periods of the Catholic Mutual coverage. I believe that these claims may require a more detailed analysis than the other two evaluations and may actually require in person hearings to determine both liability and damage components of each claim.

I therefore propose that these claims be evaluated and resolved by one-day in-person arbitration hearings generally conducted pursuant to the JAMS Streamlined Arbitration Rules. Estimating that in addition to each one-day arbitration hearing there will be preparation time and post-hearing review and award drafting, I propose that I be compensated at the rate of \$10,000 per claim presented.



In addition to the above proposed compensation for each of the three types of evaluations, I would expect to be reimbursed for all my travel, lodging and incidental expenses, which will be billed at cost without markup.

As I am sure you are aware, I have worked for almost the last two years voluntarily and without compensation during the mediation of these claims. I believe, however, that these evaluation activities will merit compensation for my work at the reasonable amounts requested.

Please feel free to forward this proposal to all necessary participants. If you have any questions, please call.

Sincerely,

*William L. Bettinelli*

Hon. William L. Bettinelli (Ret.)

# EXHIBIT "15"

## Omni Management Group, LLC

16501 Ventura Blvd., Suite 440

Encino, California 91436

Tel: (818) 906-8300

Fax: (818) 783-2737

<http://www.claimsmanager.com>

### Rate Schedule

Rates Effective: January 2, 2009

#### 1. One-Time Database Setup

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Configuration and customization of database for  
client's needs based on initial conference

**WAIVED**

#### 2. Informational Website

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Creation, Configuration and Initial Set-up

**WAIVED**

Data Entry and Information Updates

\$75 - \$95 per hour

Programming and Customization

\$130 - \$200 per hour

Monthly Hosting

\$250.00 per month

Scanning

\$.30 per page / plus \$35 per hour

#### 3. 800 Number

---

Creation, Configuration and Initial Set-up

**WAIVED**

Monthly Hosting Fee

\$5.00 per month

Per Minute Charge

\$.075 per minute

Hourly Service (actual talk time and log entry time)

\$75.00 per hour

#### 4. Court Claims Docket

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Creation and Updating of

Court Proofs of Claim Docket

**WAIVED**

#### 5. Claim Processing

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Proofs of Claim input

\$1.50 each per Omni Generated Form  
(Flat rate charge)

\$3.50 each per Non Omni Generated Forms  
(Flat rate charge)

Verification of claims input

\$35.00 - \$65.00 per hour

Scanning input of Proofs of Claim

\$.30 per page / plus \$35.00 per hour

## Omni Management Group, LLC

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Encino, California 91436

Tel: (818) 906-8300

Fax: (818) 783-2737

<http://www.claimsmanager.com>

### Rate Schedule

Rates Effective: January 2, 2009

#### 6. Standard and Customized Services

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Senior Consultants	\$195.00 - \$295.00 per hour
Consultant/Project Specialists	\$75.00 - \$125.00 per hour
Programming	\$130.00 - \$200.00 per hour
Clerical Support	\$35.00 - \$95.00 per hour

#### 7. Remote Internet Access - for Claims Management

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One-Time Set-Up Fee	<b>WAIVED</b> (One Time Set Up) \$500.00 per month per debtor, includes up to 3 users \$70.00 per additional user per month
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#### 8. Expenses

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Postage, Delivery, Phone	At cost
Postage - Mailings	\$10,000 or over - advance payment required
Faxes - Incoming/Outgoing	\$.25 per page
Labels (includes charges for printing on envelopes)	\$.07 each
Envelopes	Price varies as per size
Document Folding and Inserting	\$.05 each
Electronic Servicing	\$50.00 per 1,000

## Omni Management Group, LLC

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Tel: (818) 906-8300

Fax: (818) 783-2737

<http://www.claimsmanager.com>

### Rate Schedule

Rates Effective: January 2, 2009

#### 9. Support Services

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Photocopies/Printing	\$ .10 per page
Monthly Data Storage	\$ .07 per creditor on file

#### 10. Balloting Services and Fees

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Plan & Disclosure Statement Mailings	Quoted prior to printing
Ballot Tabulation & Verification	Standard service rates (See Item 4 above)

#### 11. Newspaper Legal Notice Publishing

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Coordinate and Publish Legal Notice	Quote prior to publishing
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#### 12. Schedule of Assets & Liabilities and Statement of Financial Affairs

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Accumulate data necessary to assist with the preparation of the Schedule of Assets & Liabilities and Statement of Financial Affairs	\$65.00 - \$250.00 per hour
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#### 13. Archival DVD/CD-Rom

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Create DVD/CD	\$40.00 per copy
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Time and half rates apply for evening and weekend work

# EXHIBIT "16"

Catholic Bishop of Northern Alaska  
Liquidation Analysis  
As of July 31, 3009

Assets	Liquidation Value	
	Total	
<b>Cash and cash equivalents</b>	\$642,354	a
<b>Marketable securities</b>	760,126	a
<b>Receivables</b>		
Trade receivables, net	161,645	a
NR - Blessed Lady of Victory Mission	-	b
NR - Fr. Stan Jaszek	2,976	a
NR - Fred Bayler	3,400	a
NR - Daniel DeBorg	9,616	a
NR - St. Theresa, Aniak	-	b
<b>Prepaid expenses and other assets</b>	424,646	a
<b>Limited partnerships</b>		
ACCB Insurance	-	d
Catholic Umbrella Pool II	-	e
<b>Capital assets, net</b>		
Betty Street House	183,300	c
Catholic Schools of Fairbanks	-	h
Cessna 172 aircraft	20,000	g
Cessna 207 aircraft	56,000	g
Chancery	1,034,000	c
Eagle Church Community	-	g
Fairbanks Counseling and Adoption	564,000	c
Galena Training Center	157,500	i
Hangar	282,000	c
House of Prayer	-	j
Jesuit Residence	239,700	c
KNOM radio station	423,000	g
Kobuk Center	1,034,000	c
Land	1,500	g
Oknagmut land	10,000	g
Our Lady of the Lake	15,000	g
Pilgrim Springs	846,000	k
Vacant Lot (Jesuit residence)	29,140	c
Warehouse	211,500	c
14.5 Acres	799,000	c
<b>Total assets</b>	<b>7,910,403</b>	
<b>Less:</b>		
DIP Financing and accrued interest	(1,044,366)	a
Post-petition payables	(792,490)	a
Costs of Chapter 7 Administration	(250,000)	m
Costs of Chapter 11 Administration	(1,750,000)	l
Costs of litigation	(500,000)	m
Temporarily restricted funds	(519,555)	a
Priority debt - accrued vacation	(162,774)	a
Secured debt - Annuities	(186,528)	a
Subtotal	(5,205,713)	
<b>Amount available for unsecured creditors in liquidation</b>	<b>\$2,704,690</b>	n

Notes:

- a Equals value per books
- b Uncollectable
- c Appraised value less 6% commission and closing costs
- d No value as CBNA's interest in the is non-transferable
- e No value as CBNA's interests in CUP II is non-transferable. If CUP II were liquidated CBNA's equity share would be approximately \$72,665
- f Included in the cost basis of the Jesuit Residence
- g Estimated value
- h No value given because property is protected under Religious Freedom Restoration Act. If the property is not protected by RFRA the estimated liquidation value is approximately \$1,750,000
- i Appraised value less 10% commission and closing costs
- j Included in value of 14.5 acres
- k Based on \$900,000 offer from Bearing Straights less 6% commission and closing costs
- l Based on costs incurred through July plus \$500,000
- m Estimated for costs of Trustee and litigation issues
- n Analysis does not include any amounts for Continental Insurance Co. claims



# EXHIBIT "17"

**EVALUATION FACTORS TO BE USED BY SPECIAL  
ARBITRATOR IN ALLOCATING DISTRIBUTIONS FROM THE  
SETTLEMENT TRUST**

1. Type, nature and severity of the abuse
  - Exposure, touching, rape, etc.
  - Duration of abuse
  - Number of incidents
  - Circumstances of the incidents
2. Vulnerability of the victim
  - Relationship of the child to the perpetrator (position of trust vs. passing acquaintance, etc.)
  - Nature and extent of damages suffered
3. Age of the victim at the onset of abuse
4. Overall conduct of the perpetrator
  - Serial abuser with many victims vs. one time or limited involvement
5. Mitigating or aggravating factors
  - Statute of limitations issues
  - Incarceration or criminal conduct of victim
  - Present physical or emotional condition of victim